

OUTDSHOORN

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2019

OUDTSHOORN LOCAL MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	9
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	10
Accounting Policies	11-42
Notes to the Financial Statements	43 - 94
APPENDICES	
A Schedule of External Loans	95 - 96
B Segmental Statement of Financial Performance - GFS Classifications	97
C Segmental Statement of Financial Performance - Municipal Votes	98
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	99
E Appropriation Statements	100 - 105

OUDTSHOORN LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Oudtshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Oudtshoorn Municipality includes the following areas:

Oudtshoorn, Dysselsdorp, De Rust, Volmoed, De Hoop

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	CF Sylvester
Deputy Executive Mayor	N Mwati
Speaker	J le Roux Krowitz
Executive Mayoral Committee	DJ Fourie
Executive Mayoral Committee	E Fortuin
Executive Mayoral Committee	GJ Kersop
Executive Mayoral Committee	H Ruiters
Executive Mayoral Committee	N Soman

MUNICIPAL MANAGER

AA Paulse

CHIEF FINANCIAL OFFICER

FM Lötter

BUSINESS ADDRESS

69 Voortrekker Road
OUDTSHOORN
6625

AUDITORS

Office of the Auditor-General (Western Cape)
Private Bag X1
CHEMPET
7442

PRINCIPLE BANKERS

Standard Bank

OUDTSHOORN LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

ATTORNEYS

Coetzee and v/d Bergh Attorneys - 41 Baron van Rheede Street, Oudtshoorn.
James King Badenhorst Attorneys - 144 St John Street, Oudtshoorn.
Advocate Metembo - 02 Arend Botha Street, Oudtshoorn.
Stadler & Swart Attorneys - 01 Doneraile Street, George.
Duvenage Jonck and Kayser Inc. - 84 Baron van Rheede Street, Oudtshoorn
Bradley Conradie Halton Cheadle Inc. - The Gatehouse, G04, Century Way, Century City, Cape Town.

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALGBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act 1962
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE OUDTSHOORN LOCAL MUNICIPALITY

WARD

Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor

COUNCILLOR

LPO Wagenaar
RR Wildschut
JC Lambaatjeen
LS Stone
H Botha
MBG Theyse
H Human

PROPORTIONAL

Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor

COUNCILLOR

HG Juthe
JE Floors
JH Tyatya
M Titus
VM Donson
N Magopeni
K Windvogel
CL Cobus
DR Maarman
BV Owen

OUDTSHOORN LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019, which are set out on pages 4 to 105 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue to operate as a going concern for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis.



AA Paulse
Municipal Manager

31/8/2019
Date

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R	2018 Restated R
ASSETS			
Non-Current Assets		856 689 325	843 650 852
Property, Plant and Equipment	2	820 359 429	806 950 502
Investment Property	3	15 261 111	15 383 301
Intangible Assets	4	1 504 405	1 118 297
Heritage Assets	5	13 774 345	13 774 345
Capitalized Restoration Cost	6	5 790 036	6 424 407
Current Assets		174 905 354	123 267 343
Inventory	8	2 454 745	1 678 095
Receivables from Exchange Transactions	9	39 324 121	39 483 328
Receivables from Non-exchange Transactions	10	10 402 680	11 095 533
Operating Lease Asset	7	616	3 066
Cash and Cash Equivalents	11	122 723 192	71 007 321
Total Assets		1 031 594 680	966 918 195
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		181 599 843	202 573 786
Long-term Borrowings	12	32 230 032	44 863 279
Provisions	13	44 021 010	42 345 958
Employee Benefits	14	105 348 802	115 364 549
Current Liabilities		149 399 281	115 405 402
Consumer Deposits	15	9 963 569	9 203 729
Current Employee Benefits	16	24 207 936	22 054 918
Trade and Other Payables from Exchange Transactions	17	55 439 828	51 500 688
Unspent Transfers and Subsidies	18	38 693 720	9 533 642
Taxes	19	5 626 259	7 436 412
Current Portion of Long-term Borrowings	12	15 467 969	15 676 013
Total Liabilities		330 999 125	317 979 188
Net Assets		700 595 555	648 939 007
Accumulated Surplus/(Deficit)		700 595 555	648 939 007
Total Net Assets and Liabilities		1 031 594 680	966 918 195

OUTDSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 Actual R	2018 Restated R
REVENUE			
Revenue from Non-exchange Transactions		293 027 779	261 817 512
Taxation Revenue		88 172 762	81 990 053
Property Rates	20	88 172 762	81 990 053
Transfer Revenue		171 748 063	167 302 471
Government Grants and Subsidies - Capital	21	40 929 740	53 898 867
Government Grants and Subsidies - Operating	21	130 694 174	113 150 212
Public Contributions and Donations		103 957	58 650
Contributed Property, Plant and Equipment		20 192	194 742
Other Revenue		33 106 954	12 524 989
Actuarial Gains	14	23 873 556	6 766 799
Fines, Penalties and Forfeits		8 952 985	4 874 334
Government Incentives Received		280 413	842 972
Licences and Permits		-	40 884
Revenue from Exchange Transactions		381 358 839	369 413 660
Service Charges	22	334 867 160	326 458 837
Entrance fees		16 567 153	17 604 864
Sales of Goods and Rendering of Services	23	4 506 480	3 929 600
Rental from Fixed Assets	24	3 418 494	3 453 170
Interest Earned - External Investments	25	8 537 384	5 585 737
Interest Earned - Exchange Transactions	26	6 805 155	6 949 384
Agency Services		5 666 131	4 569 746
Operational Revenue	27	990 882	862 321
Total Revenue		674 386 618	631 231 173
EXPENDITURE			
Employee related cost	28	(233 488 152)	(215 633 043)
Remuneration of Councillors	29	(10 886 603)	(10 022 284)
Bad Debts Written Off	9,10	(34 636 459)	(36 122 983)
Contracted Services	30	(23 160 682)	(21 458 584)
Depreciation and Amortisation	31	(40 701 670)	(36 262 034)
Actuarial Losses	14	(2 557 835)	(401 558)
Interest, Dividends and Rent on Land	32	(8 939 666)	(15 395 828)
Bulk Purchases	33	(153 185 855)	(147 637 240)
Inventory Consumed	8	(19 287 993)	(12 703 227)
Operating Leases		(5 411 468)	(4 579 273)
Transfers and Subsidies	34	(3 788 163)	(2 947 142)
Operational Cost	35	(90 215 802)	(77 234 179)
Total Expenditure		(626 260 349)	(580 397 374)
Operating Surplus/(Deficit) for the Year		48 126 269	50 833 799
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	4 393 105	8 180 474
Gains/(Loss) on Sale of Fixed Assets	37	(862 826)	(72 345)
NET SURPLUS/(DEFICIT) FOR THE YEAR		51 656 548	58 941 928

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 July 2017	594 741 464	594 741 464
Correction of Error - 38.1	(4 744 385)	(4 744 385)
Restated balance	589 997 079	589 997 079
Net Surplus/(Deficit) for the year	58 562 636	58 562 636
Net Surplus/(Deficit) previously reported	58 562 636	58 562 636
Balance at 30 June 2018	648 559 715	648 559 715
Correction of Error - note 38.1	379 292	379 292
Restated balance	648 939 007	648 939 007
Net Surplus/(Deficit) for the year	51 656 548	51 656 548
Balance at 30 June 2019	700 595 555	700 595 555

OUDTSHOORN LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and other		437 579 744	426 254 945
Government Grants and Subsidies		200 783 038	167 049 079
Interest		15 342 539	12 535 121
Cash payments			
Suppliers and Employees		(521 739 126)	(462 232 646)
Finance Charges		(8 939 666)	(8 180 566)
Transfers and Grants		(3 788 163)	(2 947 142)
Net Cash from Operating Activities	39	119 238 367	132 478 792
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(50 949 289)	(56 055 062)
Proceeds on Disposal of Fixed Assets		-	434 647
Purchase of Intangible Assets		(666 883)	(919 848)
Net Cash from Investing Activities		(51 616 172)	(56 540 264)
CASH FLOW FROM FINANCING ACTIVITIES			
Movement in agreements with suppliers		-	(18 834 732)
Repayment of Borrowing		(15 906 323)	(13 990 598)
Net Cash from Financing Activities		(15 906 323)	(32 825 330)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		51 715 871	43 113 198
Cash and Cash Equivalents at the beginning of the year		71 007 321	27 894 123
Cash and Cash Equivalents at the end of the year	40	122 723 192	71 007 321
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		51 715 871	43 113 198

OUDTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	2019 R	%
ASSETS	43.2					
Current Assets						
Cash		11 762 935	(2 512 229)	9 250 706	25 118 106	171.53%
Call Investment Deposits		23 517 921	39 992 255	63 510 176	97 605 086	53.68%
Consumer Debtors		20 961 721	6 704 202	27 665 923	41 837 547	51.22%
Other Debtors		3 119 726	6 927 213	10 046 939	7 889 255	-21.48%
Current Portion of long-term receivables		-	3 066	3 066	616	-79.90%
Inventory		1 771 055	7 726	1 778 781	2 454 745	38.00%
Total Current Assets		61 133 359	51 122 232	112 255 591	174 905 354	55.81%
Non-Current Assets						
Investment Property		63 333 846	3 182 644	66 516 490	15 261 111	-77.06%
Property, Plant and Equipment		750 263 017	71 148 011	821 411 028	820 359 429	-0.13%
Intangible Assets		1 809 384	(625 842)	1 183 542	1 504 405	27.11%
Other Non-Current Assets		22 496 805	(2 298 054)	20 198 751	19 564 381	-3.14%
Total Non-Current Assets		837 903 052	71 406 759	909 309 811	856 689 325	-5.79%
TOTAL ASSETS		899 036 411	122 528 991	1 021 565 402	1 031 594 680	0.98%
LIABILITIES	43.2					
Current Liabilities						
Borrowing		13 829 073	1 846 940	15 676 013	15 467 969	-1.33%
Consumer Deposits		9 287 357	579 036	9 866 393	9 963 569	0.98%
Trade and Other Payables		48 905 281	45 955 725	94 861 006	99 759 807	5.16%
Provisions		23 751 465	(373 314)	23 378 151	24 207 936	3.55%
Total Current Liabilities		95 773 176	48 008 387	143 781 563	149 399 281	3.91%
Non-Current Liabilities						
Borrowing		56 283 856	(21 420 577)	34 863 279	32 230 032	-7.55%
Provisions		177 140 465	7 133 365	184 273 830	149 369 812	-18.94%
Total Non-Current Liabilities		233 424 321	(14 287 212)	219 137 109	181 599 843	-17.13%
TOTAL LIABILITIES		329 197 497	33 721 175	362 918 672	330 999 125	-8.80%
NET ASSETS	43.2					
Accumulated Surplus/(Deficit)		569 838 914	88 807 818	658 646 732	700 595 555	6.37%
Reserves		-	-	-	-	-
TOTAL NET ASSETS		569 838 914	88 807 818	658 646 732	700 595 555	6.37%

OUDTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	2019 R	%
REVENUE	43.2					
Property Rates		87 723 043	540 749	88 263 792	88 172 762	-0.10%
Service Charges - Electricity Revenue		236 916 389	(12 762 015)	224 154 374	222 752 227	-0.63%
Service Charges - Water Revenue		70 098 829	(5 815 397)	64 283 432	61 742 828	-3.95%
Service Charges - Sanitation Revenue		32 684 840	-	32 684 840	32 867 695	0.56%
Service Charges - Refuse Revenue		17 216 108	-	17 216 108	17 504 411	1.67%
Rental of Facilities and Equipment		2 790 026	(33 521)	2 756 505	3 418 494	24.02%
Interest Earned - External Investments		4 482 410	1 400 000	5 882 410	8 537 384	45.13%
Interest Earned - Outstanding Debtors		6 681 816	(229 262)	6 452 554	6 805 155	5.46%
Fines, penalties and forfeits		13 835 602	(6 905 806)	6 929 796	8 952 985	29.20%
Licences and Permits		-	330 296	330 296	-	-100.00%
Agency Services		3 103 763	650 000	3 753 763	5 666 131	50.95%
Transfers Recognised - Operational		109 019 000	20 545 783	129 564 783	130 694 174	0.87%
Other Revenue		26 010 448	(3 122 095)	22 888 353	46 322 441	102.38%
Total Revenue (excluding capital transfers and contributions)		610 562 274	(5 401 268)	605 161 006	633 436 686	4.67%
EXPENDITURE	43.2					
Employee Related Costs		263 060 888	(9 530 442)	253 530 446	233 488 152	-7.91%
Remuneration of Councillors		11 153 630	(42 462)	11 111 168	10 886 603	-2.02%
Debt Impairment		9 961 633	1 500 000	11 461 633	(4 393 105)	-138.33%
Depreciation and Asset Impairment		22 507 471	18 797 676	41 305 147	40 701 670	-1.46%
Finance Charges		19 266 431	(8 970 272)	10 296 159	8 939 666	-13.17%
Bulk Purchases		166 371 750	(9 490 000)	156 881 750	153 185 855	-2.36%
Other Materials		26 370 051	502 289	26 872 340	19 287 993	-28.22%
Contracted Services		22 309 234	12 091 068	34 400 302	23 160 682	-32.67%
Transfers and Grants		2 250 000	2 181 000	4 431 000	3 788 163	-14.51%
Other Expenditure		111 952 188	12 344 293	124 296 481	132 821 564	6.86%
Loss on Disposal of PPE		-	-	-	862 826	100.00%
Total Expenditure		655 203 276	19 383 149	674 586 425	622 730 070	-7.69%
Surplus/(Deficit)		(44 641 002)	(24 784 417)	(69 425 419)	10 706 616	-115.42%
Transfers Recognised - Capital		50 441 000	24 327 051	74 768 051	40 929 740	-45.26%
Contributions Recognised - Capital		-	-	-	-	-
Contributed Assets		-	-	-	20 192	100.00%
Surplus/(Deficit) for the year		5 799 998	(457 366)	5 342 632	51 656 548	866.87%

ODTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	2019 R	%
CASH FLOW FROM OPERATING ACTIVITIES	43.2					
Receipts						
Ratepayers and Other		471 899 773	(27 402 764)	444 497 009	437 579 744	-1.56%
Government - Operating		159 460 000	44 872 834	204 332 834	200 783 038	-1.74%
Interest		10 963 772	1 177 615	12 141 387	15 342 539	26.37%
Payments						
Suppliers and Employees		(563 956 698)	14 752 293	(549 204 405)	(521 739 126)	-5.00%
Finance costs		(19 266 431)	8 970 272	(10 296 159)	(8 939 666)	-13.17%
Transfers and Grants		(2 250 000)	(2 181 000)	(4 431 000)	(3 788 163)	-14.51%
Net Cash from/(used) Operating Activities		56 850 416	40 189 250	97 039 666	119 238 367	22.88%
CASH FLOW FROM INVESTING ACTIVITIES	43.2					
Receipts						
Proceeds on disposal of PPE			-	-	-	100.00%
Payments						
Capital Assets		(52 858 400)	(32 427 705)	(85 286 105)	(51 616 172)	-39.48%
Net Cash from/(used) Investing Activities		(52 858 400)	(32 427 705)	(85 286 105)	(51 616 172)	-39.48%
CASH FLOW FROM FINANCING ACTIVITIES	43.2					
Payments						
Repayment of Borrowing		(8 929 482)	(1 070 518)	(10 000 000)	(15 906 323)	59.06%
Net Cash from/(used) Financing Activities		(8 929 482)	(1 070 518)	(10 000 000)	(15 906 323)	59.06%
NET INCREASE/(DECREASE) IN CASH HELD		(4 937 466)	6 691 027	1 753 561	51 715 871	2849.19%
Cash and Cash Equivalents at the year begin:		40 218 323	30 788 998	71 007 321	71 007 321	0.00%
Cash and Cash Equivalents at the year end:		35 280 857	37 480 025	72 760 882	122 723 192	68.67%

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the ASB.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

"If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or a heritage asset, an entity may estimate such fair value using:

- (a) Depreciated replacement cost at the measurement date for an item of property, plant and equipment;
- (b) Depreciated replacement cost at the measurement date for an investment property, but only if the investment property is of such a specialised nature that there is no market-based evidence of fair value; and
- (c) Replacement cost at the measurement date for heritage assets."

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not necessarily correlate with the auditor's materiality.

1.6. PRESENTATION OF BUDGET INFORMATION

Budget information required in terms of GRAP 24 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the guidelines issued by the ASB.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The entity thus prepared a separate Statement of Comparison of Budget and Actual Amounts has been disclosed in the notes to the Annual Financial Statements in accordance with GRAP 24. Where needed, a reconciliation was prepared of the actual amounts on a comparable basis to the actual amounts presented in the financial statements. Where applicable a reason has been supplied where variances between actual and budget information is considered material.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year. The implementation date of GRAP 18 is 1 April 2020

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 20	<p>Related Party Disclosures</p> <p>The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>Information to a large extent is already included in the notes to the annual financial statements.</p>	1 April 2019
GRAP 32	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.</p> <p>No significant impact is expected as the entity does not participate in significant concession transactions.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p>Separate Financial Statements</p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates</p>	Unknown

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	<p>when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future</p>	
<p>GRAP 35 (Revised – April 2019)</p>	<p>Consolidated Financial Statements</p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p>GRAP 36 (Revised – April 2019)</p>	<p>Investments in Associates and Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p>GRAP 37 (Revised – April 2019)</p>	<p>Joint Arrangements</p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p>GRAP 38 (Revised - April 2019)</p>	<p>Disclosure of Interest in Other Entities</p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p>	<p>Unknown</p>

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy</p>	1 April 2019
GRAP 104 (Revised – April 2019)	<p>Financial Instruments</p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment</p>	Unknown
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 110	<p>Living and non-living resources</p> <p>The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future</p>	1 April 2019
GRAP 109	<p>Accounting by Principles and Agents</p> <p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p>	1 April 2019

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
IGRAP 18	<p>Recognition and Derecognition of Land</p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	1 April 2019
IGRAP 19	<p>Liabilities to Pay Levies</p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2019

1.8 LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at an amount equal to the fair value of the leased asset or, if lower, the present value of the sum of the minimum lease payments due in terms of the lease agreement. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

1.9 GOVERNMENT GRANTS AND RECEIPTS

1.9.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.9.2 *Unpaid Conditional Government Grants and Receipts*

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that

it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 **UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 **PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

1.12 EMPLOYEE BENEFITS

(a) *Post-Retirement Medical Benefits*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

(b) *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

(d) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 3.3 in the Financial Statements in this regard)

(f) Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end when there is an indication that the municipality's expectations have changed since the prior year, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
 - The entity has changed the manner in which the asset is used.
 - The entity has changed the utilisation rate of the asset.
 - The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- c) The asset is approaching the end of its previously expected life.
- d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity.

In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The annual depreciation rates are based on the following estimated useful lives:

	EUL
Land and Buildings	
Land	-
Buildings	20-100
Infrastructure	
Electricity	1 – 80
Water Supply	1 – 81
Sanitation	1 – 101
Roads & Storm water	1 – 81
Solid Waste	1 - 50
Communication Infrastructure	10
Community Assets	
Libraries	12 - 55
Civic Buildings	12 -55
Recreational Facilities	12 -100
Cemeteries	12 - 55
Other	12 - 100
Lease Assets	
Vehicles and Office Equipment	2 - 5
Other Assets	
Furniture and Office Equipment	2 – 63
Computer Equipment	2 – 32
Motor vehicles	7 – 55
Plant & Equipment	2 – 30
Computer Equipment	2 - 32

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4 *De-recognition*

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5 *Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)*

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.14 INTANGIBLE ASSETS

1.14.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5 -17

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Application of deemed cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and / or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Buildings are depreciated over 100 years.

1.15.3 De-recognition

Investment property is derecognised when it is disposed of or when there are no further economic benefits or service potential expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.4 Application of deemed cost - Directive 7

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.16. HERITAGE ASSETS

1.16.1 *Initial Recognition*

Heritage assets shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the heritage asset will flow to the entity, and
- the cost or fair value of the heritage asset can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria above, it needs to be controlled by the entity as a result of past events. Even though the entity may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the entity when it is able to generate future economic benefits or service potential from the asset. Accordingly, the entity recognises the heritage asset when the recognition criteria are met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of this Standard as the heritage value attached to the specific asset constitutes its service potential.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.16.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, heritage assets are measured at cost less any accumulated impairment losses.

1.16.3 *De-recognition*

Heritage assets are derecognised when it is disposed of or when there are no further economic benefits expected from the use of the heritage assets. The gain or loss arising on the disposal or retirement of an item of heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 *Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2 *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *Depreciated Replacement Cost Approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18 INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.19 INVENTORIES

1.19.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method. Cost of land held for sale is assigned by using specific identification of their individual costs.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.20.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.20.2 *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset

in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.20.3 **De-recognition of Financial Instruments**

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired or settled/waved; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and / or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1. 20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1. 20.4 **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.21 REVENUE

1.21.1 **Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset. Fines are initially measured at its' fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition. The non-payment of fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. Any impairment loss is recognised in surplus / deficit.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed/Donated property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Government incentives received is recognised when it is received as there are no conditions to be met.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, because of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.21.3 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from exchange transactions is only recognised once all the following criteria have been satisfied:

- (a) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (b) The amount of revenue can be measured reliably; and
- (c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from Admission Fees is recognised on admission date.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

payable to the municipality as compensation for executing the agreed services. The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

1.22 BORROWING COST

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.23 RELATED PARTIES

The municipality has used the disclosure requirements as per GRAP 20 to formulate this accounting policy and is summarised as follows.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

operating decisions or if the related party entity and another entity are subject to common or joint control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure recovered is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28 CONTINGENT ASSET

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Management judgement is required when recognising and measuring contingent assets.

1.29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Capitalised Restoration Costs

Capital Restoration Cost is the asset value of the Landfill Site Provision, and will be separately disclosed on the Statement of Financial Position.

This forms part of Non-Current Assets, and will be treated in terms of GRAP 17, cost model. The useful lives will be managements estimate.

Refer to note 1.29 Provision for Landfill Sites.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.3 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Refer to note 1.29 Capitalised Restoration Costs.

Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff Leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Pre-Paid Electricity Estimation

Pre-paid electricity is only recognised as revenue once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation Of Infrastructure Assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date and is disclosed inclusive of VAT.

1.32 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.



UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.33 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
2. PROPERTY, PLANT AND EQUIPMENT			
<u>Inserted sheet</u>	page 43 page 44 page 45		
2.2 Property, Plant and Equipment which is in the process of being constructed or developed:			
Infrastructure Assets		71 123 693	92 083 611
Roads		-	17 813 055
Electricity		3 601 387	1 028 752
Water Supply		64 922 725	67 827 617
Sanitation		2 599 582	52 043
Solid Waste		-	5 362 143
Community Assets		58 320	82 673
Total Property, Plant and Equipment under construction		71 182 013	92 166 284
2.3 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:			
Infrastructure Assets		58 208 667	53 532 961
Water Supply		58 208 667	53 532 961
Total		58 208 667	53 532 961
Blossoms pipeline disclosed as taking longer than expected, due to funding from RBIG and WSIG cancelled prior years. Drought relief subsidy from WSIG only made available again from 2018/19.			
2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:			
Other materials		13 137 486	7 854 255
Contracted Services		3 767 461	8 056 039
Other Expenditure		72 882	11 746
Total Repairs and Maintenance		16 977 829	15 922 040
2.5 Impairment losses of Property, Plant and Equipment			
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:			
Land & Buildings		-	18 313 784
Community Assets		-	27 970 501
Investment Property		-	3 073 079
Total Impairment Losses		-	49 357 365
2.6 Reversal of Impairment losses of Property, Plant and Equipment			
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:			
Infrastructure		-	114 708
Community Assets		-	114 708
Other		-	-
Total Reversal of Impairment losses		-	114 708
2.7 Effect of changes in accounting estimates			
	2018 R	2019 R	2020 R
Effect on Property, plant and equipment	492 311	151 940	(1 361 028)

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2.8 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	34 604 942	13 425 089
Infrastructure	34 604 942	13 425 089
Total	34 604 942	13 425 089
 This expenditure will be financed from:		
Own Resources	4 253 629	-
Government Grants	30 351 313	13 425 089
Total	34 604 942	13 425 089
 3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	15 383 301	15 505 492
Cost/Valuation	19 800 000	84 601 654
Correction of Error note 38.1(mm)	-	(64 801 654)
Accumulated Depreciation	(1 343 619)	(16 564 460)
Correction of Error note 38.1(mm)	-	15 343 031
Accumulated Impairment Loss	(3 073 079)	-
Correction of Error note 38.1(mm)	-	(3 073 079)
Additions	-	130 752
Transfer to Community Assets	-	(130 752)
Depreciation for the year	(122 190)	(1 651 455)
Correction of Error note 38.1(mm)	-	1 529 265
Net Carrying amount at 30 June	15 261 111	15 383 301
Cost/Valuation	19 800 000	19 800 000
Accumulated Depreciation	(1 465 810)	(1 343 619)
Accumulated Impairment Loss	(3 073 079)	(3 073 079)
 There are no restrictions on the realizability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Estimate Fair Value of Investment Property at 30 June	15 261 111	15 383 301
 3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	397 461	373 613

		2019 R	2018 R
4. INTANGIBLE ASSETS			
4.1 Net Carrying amount at 1 July		1 118 297	359 950
Cost		2 265 697	1 578 627
Correction of error note 38.1(y)			(232 779)
Accumulated Amortisation		(1 147 399)	(1 157 243)
Correction of error note 38.1(z)		-	171 345
Additions		666 883	950 314
Correction of error note 38.1(y)		-	(30 466)
Amortisation		(280 775)	(188 157)
Correction of error note 38.1(z)		-	26 656
Net Carrying amount at 30 June		1 504 405	1 118 297
Cost		2 932 580	2 265 697
Accumulated Amortisation		(1 428 175)	(1 147 399)

4.2 Material Intangible Assets included in the carrying value:

<u>Description</u>	<u>Remaining Amortisation Period</u>		
Software	4-5	1 504 405	1 118 297

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

5. HERITAGE ASSETS

5.1 Net Carrying amount at 1 July		13 774 345	13 774 345
Cost		13 774 345	13 774 345
Additions			
Net Carrying amount at 30 June		13 774 345	13 774 345
Cost		13 774 345	13 774 345

There are no restrictions on the realizability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

Rust en Vrede Waterfall

The Rust & vrede Waterfall is engraved into the heart of the Swartberg Mountain. The Waterfall is situated on a scenic detour branching off the R328, 18km from Oudtshoorn on the way to the Cango Caves on erf 25. It is classified as a heritage asset controlled and owned by the Municipality.

From this waterfall, Oudtshoorn acquires its water supply which is carried by a pipeline, 35 km in length, to the town reservoir and the Raubenheimer Dam.

The Rust and Vrede Waterfall is an asset that was not purchased or contributed. It could not be reliably measured as this is not a manmade structure and no market value exists as this is a unique natural landmark. This asset lacks comparability to other assets in the municipality. The cash flow method could not be used to obtain a value, as it is impractical to place a value on a natural landmark.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Herrie's Stone, Meiringspoort, Oudtshoorn District

The Afrikaans writer, C J Langenhoven, chiselled the name of the well-known elephant 'Herrie', from his book 'Sonde met die Bure', on this rock in July 1929.

This has been declared as a Heritage Site.

This heritage asset's value could not be reliably measured as it was not purchased nor is there an active market for it and there is no alternative method for valuating this heritage asset.

The following Heritage Assets were identified and measured in terms of GRAP:

Cango Caves

This famous attraction is situated in the Cango ward 29 km north of Oudtshoorn and situated on erf 28. It is classified as a heritage asset and controlled by the Municipality.
The entrance is in the face of a hill beside the Grobbelaar's River. The maze of caves with their beautiful stalactite formations are most impressive. It is generally accepted that the caves were discovered in 1780 by a herdsman of a farmer called Van Zyl of Doornrivier, while he was looking for lost cattle.

11 796 645 11 796 645

CP Nel Museum Building

The building reflects a late Victorian Colonial style of a classical building and dates from about 1909 and for some half a century served as a boys' school. In 1980 the building complex was declared a National Monument and is owned by the Municipality.

1 940 000 1 940 000

Mayoral Chains

The municipality has two mayoral chains which are kept in a safe at the main building.

37 700 37 700

5.2 Expenditure incurred to repair and maintain Heritage Assets:

Inventory Consumed
Contracted Services

217 742 194 484
- 140 052

Total Repairs and Maintenance

217 742 334 536

6. CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

6 424 407 7 058 777

Cost
Accumulated Depreciation

11 527 893	11 527 893
(5 103 487)	(4 469 116)

Movement

(634 371) (634 371)

Depreciation for the year

(634 371)	(634 371)
-----------	-----------

Net Carrying amount at 30 June

5 790 036 6 424 407

Cost
Accumulated Depreciation

11 527 893	11 527 893
(5 737 857)	(5 103 487)

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
7. OPERATING LEASE ARRANGEMENTS		
7.1 The Municipality as Lessor		
Operating Lease Asset	616	3 066
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	616	3 066
Current Operating Lease Asset	616	3 066
 <u>Reconciliation</u>		
Balance at the beginning of the year	3 066	8 181
Movement during the year	(2 450)	(5 115)
Balance at the end of the year	616	3 066
 At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	7 503	59 913
1 to 5 Years	-	7 503
Total Operating Lease Arrangements	7 503	67 417
 This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.		
 8. INVENTORY		
Maintenance Materials - At Cost	1 981 053	1 236 173
Water – At Cost	473 691	441 923
Total Inventory	2 454 745	1 678 095
 The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
 8.1 Inventories recognise as an expense during the year:		
Consumables	10 012 695	4 265 141
Finished Goods	30 533	-
Materials and supplies	9 244 765	8 360 926
Total	19 287 993	12 626 068

	2019 R	2018 R
9. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	18 155 976	19 972 192
Water	22 766 527	25 396 161
Property Rentals	506	590
Waste Management	10 412 649	11 470 886
Waste Water Management	12 620 038	13 479 941
Units not billed	11 658 586	6 947 073
Legal Fees Recovery	727 184	727 184
Klein Karoo Water Scheme	3 336 627	3 362 475
Sundry municipal charges	6 221 095	5 816 667
Prepaid expenditure	38 748	17 529
Other	23 421	25 953
Correction of Error - refer to note 38.1(d)	-	43 839
Total: Receivables from exchange transactions (before provision)	85 961 357	87 260 490
Less: Provision for Debt Impairment	(46 637 236)	(47 777 162)
Total: Receivables from exchange transactions (after provision)	39 324 121	39 483 328

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	9 783 966	10 969 945
31 - 60 Days	870 613	1 038 355
61 - 90 Days	519 949	544 730
+ 90 Days	6 981 448	7 419 163
Total	18 155 976	19 972 192

(Water): Ageing

Current (0 - 30 days)	3 823 655	4 931 866
31 - 60 Days	1 245 666	1 262 767
61 - 90 Days	1 077 780	1 274 626
+ 90 Days	16 619 426	17 926 902
Total	22 766 527	25 396 161

(Property Rentals): Ageing

Current (0 - 30 days)		
31 - 60 Days		
61 - 90 Days		
+ 90 Days	506	590
Total	506	590

(Waste Management): Ageing

Current (0 - 30 days)	1 446 668	1 463 600
31 - 60 Days	395 790	554 677
61 - 90 Days	274 689	260 687
+ 90 Days	8 295 501	9 191 921
Total	10 412 649	11 470 886

(Waste Water Management): Ageing

Current (0 - 30 days)	2 340 827	2 277 087
31 - 60 Days	514 095	638 687
61 - 90 Days	328 132	310 572
+ 90 Days	9 436 983	10 253 595
Total	12 620 038	13 479 941

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>(Units not billed): Ageing</u>		
Current (0 - 30 days)	11 658 586	6 947 073
31 - 60 Days		
61 - 90 Days		
+ 90 Days		
Total	11 658 586	6 947 073
<u>(Legal Fees Recovery): Ageing</u>		
Current (0 - 30 days)		
31 - 60 Days		
61 - 90 Days		
+ 90 Days	727 184	727 184
Total	727 184	727 184
<u>(Klein Karoo Water Scheme): Ageing</u>		
Current (0 - 30 days)	257 363	437 093
31 - 60 Days	145 191	240 274
61 - 90 Days	130 896	146 077
+ 90 Days	2 803 177	2 539 032
Total	3 336 627	3 362 475
<u>(Sundry municipal charges): Ageing</u>		
Current (0 - 30 days)	628 960	568 243
31 - 60 Days	446 184	387 105
61 - 90 Days	90 036	139 972
+ 90 Days	5 055 916	4 721 347
Total	6 221 095	5 816 667
<u>(Prepaid expenditure): Ageing</u>		
Current (0 - 30 days)	38 748	17 529
Total	38 748	17 529
<u>(Other): Ageing</u>		
Current (0 - 30 days)		-
31 - 60 Days	10	289
61 - 90 Days	-	-
+ 90 Days	23 410	25 664
Total	23 421	25 953
<u>(Total): Ageing</u>		
Current (0 - 30 days)	29 978 773	27 612 438
31 - 60 Days	3 617 551	4 122 153
61 - 90 Days	2 421 482	2 676 664
+ 90 Days	49 943 551	52 805 397
Total	85 961 357	87 216 651

Summary of Service Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2019				
Current (0 - 30 days)	237 698	13 746 587	5 951 632	-1 294 563
31 - 60 Days	173 907	3 809 034	605 096	52 930
61 - 90 Days	141 677	2 704 273	176 331	33 078
+ 90 Days	3 658 901	52 174 303	3 417 912	372 559
Total debtors by customer classification	4 212 184	72 434 197	10 150 972	-835 996

Summary of Service Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018				
Current (0 - 30 days)	566 550	18 175 460	5 831 114	2 995 463
31 - 60 Days	268 365	3 173 860	642 116	37 812
61 - 90 Days	174 557	2 262 525	210 301	29 281
+ 90 Days	4 800 174	45 189 554	2 423 641	435 877
Total debtors by customer classification	5 809 645	68 801 400	9 107 173	3 498 432

Reconciliation of Provision for Debt Impairment

Balance at beginning of year		47 777 162	51 880 376
Contribution to provision		16 564 205	19 532 892
Bad Debts Written Off		(17 704 131)	(23 636 106)
Balance at end of year		46 637 236	47 777 162

The total amount of this provision is R46 637 236 and consist of:

Services	46 637 236	47 777 162
Total Provision for Debt Impairment on Receivables from exchange transactions	46 637 236	47 777 162

Ageing of amounts past due but not impaired:

Service Debtors	9 345 348	11 827 051
-----------------	------------------	-------------------

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

10 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	21 544 971	20 036 542
Fines	7 889 255	11 703 633
Correction of error note 38.1(ii)	-	973 400
Correction of error note 38.1(ii)	-	1 689 110
Suspense Debtors	2 217 586	1 195 159
	31 651 812	35 597 844
Less: Provision for Debt Impairment	(21 249 132)	(22 098 155)
Correction of error note 38.1(ii)	-	(878 947)
Correction of error note 38.1(ii)	-	(1 525 209)
Total Receivables from non-exchange transactions	10 402 680	11 095 533

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	5 316 053	5 742 698
31 - 60 Days	1 023 412	1 060 205
61 - 90 Days	669 873	717 441
+ 90 Days	14 535 633	12 516 199
Total	21 544 971	20 036 542

<u>(Fines): Ageing</u>		
Current (0 - 30 days)	595 000	423 850
31 - 60 Days	807 500	400 300
61 - 90 Days	641 350	297 050
+ 90 Days	5 845 405	13 244 943
Total	7 889 255	14 366 143

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2019				
Current (0 - 30 days)	33 257	4 970 878	311 101	817
31 - 60 Days	5 190	991 737	25 683	803
61 - 90 Days	802	648 769	19 499	803
+ 90 Days	8 053 289	13 912 470	456 877	2 252
Total debtors by customer classification	8 092 539	20 523 854	813 159	4 673

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018				
Current (0 - 30 days)	34 847	5 376 087	314 501	17 263
31 - 60 Days	4 411	1 012 895	30 323	12 577
61 - 90 Days	2 021	681 885	20 350	13 184
+ 90 Days	14 399 242	12 035 637	383 945	63 517
Total debtors by customer classification	14 440 521	19 106 504	749 119	106 541

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	24 502 311	26 080 962
Contribution to provision	13 679 148	10 908 227
Bad Debts Written Off	(16 932 328)	(12 486 878)
Reversal of provision		
Balance at end of year	21 249 132	24 502 311

The total amount of this provision is R21 249 132' and consist of:

Taxes	13 988 692	11 725 113
Fines	6 562 471	12 079 230
Other	697 968	697 968
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	21 249 132	24 502 311

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>Ageing of amounts past due but not impaired:</u>		
Rates	2 240 225	2 568 731
Fines	731 784	1 863 063
	2 972 009	4 431 794

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

11. **BANK ACCOUNTS**

11.1 **Cash and Cash Equivalents**

Call Deposits and Investments	97 605 086	63 510 176
Cash At Bank	25 080 246	7 459 285
Cash On-hand	37 860	37 860
Total Cash and Cash Equivalents - Assets	122 723 192	71 007 321

Call Investments Deposits to an amount of R38 693 720 are held to fund the Unspent Conditional Grants (2018: R9 533 642).

The municipality has the following bank accounts:

Primary Accounts

ABSA Bank 4085827851	-	5 619 053
ABSA Bank 4085372149	-	1 469 079
ABSA Bank 4085866467	-	256 301
ABSA Bank 4085866522	-	11 839
ABSA Bank 4085866271	-	103 013
Standard bank 082808678	461 385	-
Standard bank 082808724	24 530 401	-
Standard Bank 08288988	88 460	-
Standard Bank 082809097	-	-
	25 080 246	7 459 285

Call Deposits and Investments

Nedbank Account no 03 / 7881019344 / 29	103 022	97 123
Nedbank Account no 03/7881001143-161	-	6 605 738
Nedbank Account no 03/7881001143/176	-	31 795
Nedbank Account no 03/7881001143/176	-	32 334
Nedbank Account no 03/7881001143/177	-	573 867
Nedbank Account no 03/7881001143/178	-	2 296 354
Nedbank Account no 03/7881001143/179	-	2 180 694
Nedbank Account no 03/7881001143/180	-	4 569 159
Nedbank Account no 03/7881001143/204	7 003 609	-
Nedbank Account no 03/7881001143/208	6 642 532	-
Nedbank Account no 03/7881001143/210	1 713 516	-
Nedbank Account no 03/7881001143/212	2 633 098	-
Nedbank Account no 03/7881001143/213	4 585 313	-
Nedbank Account no 03/7881001143/214	10 849 399	-
Nedbank Account no 03/7881001143/215	8 169 832	-
Standard Bank Account no288835379-016	20 000 000	-
Standard Account no 288835379009	-	6 163 786
Standard Account no 288835379010	-	15 946 505
Investec account no 1400-171058-500	27 865 955	16 415 115
Investec account no 1400-171058 501	7 338 810	8 597 713
Investec account no 1400-171058 451	700 000	-
	97 605 086	63 510 182

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Primary banking details changed from ABSA to Standard bank on the 1 July 2018. The ABSA accounts were closed for transacting on 31 December 2018 and all funds transferred to Standard Bank Primary bank

Details of current accounts are as follow:

	2019 R	2018 R
ABSA Bank 4085827851 / Standard bank 082808678 (Primary Bank Account)		
Cash book balance at beginning of year	5 619 053	2 516 131
Cash book balance at end of year	461 385	5 619 053
Bank statement balance at beginning of year	5 619 053	2 442 044
Bank statement balance at end of year	461 385	5 619 053
ABSA Bank 4085372149 / Standard bank 082808724 (Primary Bank Account)		
Cash book balance at beginning of year	1 469 079	1 516 478
Cash book balance at end of year	24 530 401	1 469 079
Bank statement balance at beginning of year	50 000	50 000
Bank statement balance at end of year	22 737 552	50 000
ABSA Bank 4085866467 / Standard Bank 08288988 (Primary Bank Account - CAVES)		
Cash book balance at beginning of year	256 301	151 764
Cash book balance at end of year	88 460	256 301
Bank statement balance at beginning of year	203 501	151 764
Bank statement balance at end of year	26 155	203 501
ABSA Bank 4085866271/Standard Bank (Traffic Account)		
Cash book balance at beginning of year	103 013	146 944
Cash book balance at end of year	-	103 013
Bank statement balance at beginning of year	103 013	146 944
Bank statement balance at end of year	-	103 013
ABSA Bank 4085866271 / Standard Bank 082809097(Traffic Account)		
Cash book balance at beginning of year	11 839	7 077
Cash book balance at end of year	-	11 839
Bank statement balance at beginning of year	11 839	7 707
Bank statement balance at end of year	-	11 839

12. LONG-TERM BORROWINGS

Annuity Loans - At amortised cost	40 942 662	50 787 593
Capitalised Lease Liability - At amortised cost	6 755 340	9 751 699
	47 698 001	60 539 292
Less: Current Portion transferred to Current Liabilities	(15 467 969)	(15 676 013)
Annuity Loans - At amortised cost	(10 838 179)	(9 844 931)
Capitalised Lease Liability - At amortised cost	(4 629 790)	(5 831 082)
	32 230 032	44 863 279
Total Long-term Borrowings	32 230 032	44 863 279

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
12.1	The obligations under annuity loans are scheduled below:		
			Minimum payments
	Amounts payable under annuity loans:		
	Payable within one year	14 874 329	14 998 075
	Payable within two to five years	34 807 801	48 181 567
	Payable after five years	1 308 227	2 808 790
		50 990 357	65 988 432
	Less: Future finance obligations	(10 047 696)	(15 200 840)
	Present value of annuity loans obligations	40 942 661	50 787 593

12.2	The obligations under financial vehicle leasing are scheduled below:		Minimum payments
	Amounts payable under finance leases:		
	Payable within one year	5 042 370	6 684 318
	Payable within two to five years	2 345 127	3 955 427
		7 387 497	10 639 746
	Less: Future finance obligations	(631 867)	(890 525)
	Present value of finance lease obligations	6 755 631	9 749 221

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

13.	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	44 021 010	42 345 958
	Total Non-current Provisions	44 021 010	42 345 958

13.1	Landfill Sites		
	Balance 1 July	42 345 958	54 260 486
	Correction of error note 38.1(p)	-	(19 129 790)
	Correction of error note 38.1(q)	-	2 997 061
	Contribution for the year	1 675 051	4 218 202
	Total provision 30 June	44 021 010	42 345 958
	Balance 30 June	44 021 010	42 345 958

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	De Rust (Closed)	De Rust(Operational)	Dysselsdorp(Closed)	Dysselsdorp(Operational)	Oudtshoorn
Rehabilitation Area(m²)	5223	5015	2 253	6 479	107 824
Costs of Rehabilitation and Closure:					
Preliminary and General	367 357	358 745	203 531	453 699	4 654 383
Site Clearance and Preparation	16 087	15 446	6 939	19 955	332 098
Storm Water Control Measures	486 902	492 854	336 258	706 654	3 330 504
Capping	1 311 907	1 260 438	568 714	1 638 423	28 364 822
Gas Management	-	-	-	-	-
Leachate Management	179 607	181 474	125 935	194 542	1 207 832
Fencing	629 475	612 255	415 943	681 136	10 333
Other:					
Environmental Authorisation (Closure Licence)	-	438 691	-	438 691	438 691
Technical ROD	92 644	92 644	92 644	92 644	92 644
Install Groundwater Monitoring Boreholes	122 446	166 426	163 084	163 084	-
Landscape Architects	123 111	123 111	123 111	123 111	123 111
Water use licence	18 212	18 212	18 212	18 212	18 212
Topographical survey	5 830	5 830	5 830	5 830	8 707
Contingencies	299 134	292 121	165 732	369 441	3 789 997
Engineering: Professional Fees	246 785	241 000	136 729	304 789	3 126 748
Site Supervision (Engineering Representative)	424 648	424 648	387 526	430 584	1 563 324
Site Supervision (Environmental Control Officer)	131 852	131 852	110 650	122 944	454 893
Total(Excl VAT)	4 455 999	4 855 748	2 860 839	5 763 740	47 516 299
Cost per rehab (m2)					
Estimated construction period (weeks)					

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The future estimate cost discounted with the CPI rate and date of decommission of the sites are as follows:

Location	Estimated decommission date	2019 R	2018 R
De Rust (Closed)	2014	4 656 518	4 470 799
De Rust(Operational)	2025	6 323 447	6 270 014
Dysselsdorp(Closed)	2013	2 989 576	2 960 326
Dysselsdorp(Operational)	2024	7 182 669	7 109 476
Oudtshoorn	2055	231 754 974	226 139 159
		252 907 185	246 949 774

14. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	95 541 413	108 176 479
Provision for Long Service Awards	9 807 389	7 188 070
Total Non-current Employee Benefits	105 348 802	115 364 549

Post Retirement Health Care Benefits

Balance 1 July	112 470 983	108 186 409
Contribution for the year	5 475 886	4 823 488
Interest Cost	10 562 675	10 279 690
Expenditure for the year	(4 445 027)	(4 051 805)
Actuarial Loss/(Gain)	(23 873 556)	(6 766 799)
Total provision 30 June	100 190 961	112 470 983
Less: Transfer of Current Portion to Current Provisions - Note 14	(4 649 548)	(4 294 504)
Balance 30 June	95 541 413	108 176 479

Long Service Awards

Balance 1 July	8 614 284	8 051 386
Contribution for the year	700 286	633 996
Interest Cost	671 250	633 343
Expenditure for the year	(1 563 883)	(1 105 999)
Actuarial Loss/(Gain)	2 557 835	401 558
Total provision 30 June	10 979 772	8 614 284
Less: Transfer of Current Portion to Current Provisions - Note 14	(1 172 383)	(1 426 214)
Balance 30 June	9 807 389	7 188 070

14.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	318	302
In-service (employee) non-members	400	377
Continuation members (e.g. Retirees, widows, orphans)	98	96
Total Members	816	775

The liability in respect of past service has been estimated to be as follows:

In-service members	33 919 383	45 926 296
In-service non-members	5 085 884	12 624 717
Continuation members	61 185 693	53 919 969
Total Liability	100 190 960	112 470 982

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	46 421	47 218	95
In-service non-members	11 261	11 964	–
Continuation members	50 504	49 484	–
Total Liability	108 186	108 666	94 632

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health;
Hosmed;
Samwumed; and
Keyhealth.

The Current-service Cost for the current year is estimated to be R5 475 886, whereas the Current-service Cost for the ensuing year estimated at R3 792 906

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9.32%	9.57%
Health Care Cost Inflation Rate	6.78%	7.36%
Net Effective Discount Rate	2.38%	2.06%
ii) Mortality rates		
PA(90) -1 with a 1% mortality improvement p.a from 2010		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 62 years.		
iv) Expected rate of salary increases		
2018/19 - Average CPI (Feb 2017 – Jan 2018) + 1 per cent		
The three-year Salary and Wage Collective Agreement ends on 30 June 2018.		

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	100 190 961	112 470 983
Fair value of plan assets	-	-
	100 190 961	112 470 983
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	100 190 961	112 470 983

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	112 470 983	108 186 409
Total expenses	11 593 534	11 051 373
Current service cost	5 475 886	4 823 488
Interest Cost	10 562 675	10 279 690
Benefits Paid	(4 445 027)	(4 051 805)
Actuarial (gains)/losses	(23 873 556)	(6 766 799)
Present value of fund obligation at the end of the year	100 190 961	112 470 983

Sensitivity Analysis on the Accrued Liability on 30 June 2019

OUUDSHOORN MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	39 005	61 186	100 191

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	47 595	67 788	115 382	15%
Health care inflation	-1%	32 279	55 541	87 820	-12%
Discount rate	1%	32 471	55 709	88 180	-12%
Discount rate	-1%	47 457	67 686	115 143	15%
Post-retirement mortality	-1 year	40 144	63 327	103 471	3%
Average retirement age	-1 year	42 702	61 186	103 888	4%
Continuation of membership at retirement	-10%	31 444	61 186	92 630	-8%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	5 475 900	10 562 700	16 038 600

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	6 712 800	12 210 600	18 923 400	18%
Health care inflation	-1%	4 503 800	9 213 700	13 717 500	-14%
Discount rate	1%	4 570 300	10 215 200	14 785 500	-8%
Discount rate	-1%	6 636 100	10 916 900	17 553 000	9%
Post-retirement mortality	-1 year	5 633 900	10 912 000	16 545 900	3%
Average retirement age	-1 year	5 961 300	11 067 300	17 028 600	6%
Withdrawal Rate	-50%	4 529 900	9 692 000	14 221 900	-11%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	3 792 900	9 126 000	12 918 900

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	4 696 400	10 540 800	15 237 200	18%
Health care inflation	-1%	3 095 700	7 974 000	11 069 700	-14%
Discount rate	1%	3 143 900	8 866 200	12 010 100	-7%
Discount rate	-1%	4 639 000	9 390 300	14 029 300	9%
Post-retirement mortality	-1 year	3 902 900	9 431 700	13 334 600	3%
Average retirement age	-1 year	3 997 900	9 470 500	13 468 400	4%
Withdrawal Rate	-50%	2 983 900	8 421 200	11 405 100	-12%

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(23 873.556)	(6 766 799)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	2 013	3 390	(1 156)

14.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 718 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2019 is R700 286 whereas the Current-service Cost for the ensuing year is estimated to be R1 002 854

Key actuarial assumptions used:

i) Rate of interest

	2019 %	2018 %
Discount rate	8.22%	8.48%
General Salary Inflation (long-term)	5.59%	6.10%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.49%	2.24%

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	10 979 772	8 614 284
Fair value of plan assets	-	-
	<u>10 979 772</u>	<u>8 614 284</u>
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
	<u>-</u>	<u>-</u>
Net liability/(asset)	<u>10 979 772</u>	<u>8 614 284</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	8 614 284	8 051 386
Total expenses	(192 347)	161 340
Current service cost	700 286	633 996
Interest Cost	671 250	633 343
Benefits Paid	(1 563 883)	(1 105 999)
Actuarial (gains)/losses	2 557 835	401 558
Present value of fund obligation at the end of the year	<u>10 979 772</u>	<u>8 614 284</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2019

Assumption	Change	Liability (Rm)	% change
Central assumptions		10 980	
General salary inflation	1%	11 745	7%
General salary inflation	-1%	10 292	-6%
Discount rate	1%	10 265	-7%
Discount rate	-1%	11 788	7%
Average retirement age	-2 yrs.	9 556	-13%
Average retirement age	2 yrs.	12 628	15%
Withdrawal rates	-50%	12 566	14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	700 300	671 300	1 371 600

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	755 300	713 500	1 468 800	7%
Health care inflation	-1%	651 000	632 700	1 283 700	-6%
Discount rate	1%	655 200	705 200	1 360 400	-1%
Discount rate	-1%	751 400	632 000	1 383 400	1%
Post-retirement mortality	-1 year	595 600	551 800	1 147 400	-16%
Average retirement age	-1 year	801 800	780 000	1 581 800	15%
Withdrawal Rate	-50%	920 200	798 200	1 718 400	25%

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

		Current	Interest Cost (R)	Total (R)	
Assumption					
Central Assumptions				-	
The effect of movements in the assumptions are as follows:					
	Change	Current	Interest Cost (R)	Total (R)	% change
Assumption		1 002 900	855 300	1 858 200	
Health care inflation	1%	1 097 700	918 200	2 015 900	8%
Health care inflation	-1%	919 500	798 700	1 718 200	-8%
Discount rate	1%	926 000	893 600	1 819 600	-2%
Discount rate	-1%	1 091 400	809 500	1 900 900	2%
Post-retirement mortality	-1 year	890 000	738 300	1 628 300	-12%
Average retirement age	-1 year	1 133 400	987 900	2 121 300	14%
Withdrawal Rate	-50%	1 237 500	985 700	2 223 200	20%
				2019	2018
				Rm	Rm
Experience adjustments were calculated as follows:				566 124	499 606
Liabilities: (Gain) / loss					
Assets: Gain / (loss)					
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		2017		2016	2015
		R		R	R
Liabilities: (Gain) / loss			(178 280)	(70 267)	713 251
Assets: Gain / (loss)					

14.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CONSOLIDATED RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R21,359,000,000 (30 June 2016: R20,075,000,000), with funding levels of 127.3% and 100% (30 June 2016 118.0% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance	23 050 945	20 194 963
---	-------------------	-------------------

DEFINED CONTRIBUTION FUNDS

Council contribute does not contribute to Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
15. CONSUMER DEPOSITS		
Electricity	4 087 900	3 892 019
Rental Properties	125 325	124 903
Water	4 768 456	4 391 288
Building Plans	981 888	795 518
Total Consumer Deposits	9 963 569	9 203 729
16. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	886 921	876 921
Staff Bonuses	6 106 817	5 090 814
Staff Leave	11 391 222	10 365 421
Other	1 045	1 045
Current Portion of Non-Current Provisions	5 821 931	5 720 718
Current Portion of Post Retirement Benefits - Note 14	4 649 548	4 294 504
Current Portion of Long-Service Provisions - Note 14	1 172 383	1 426 214
Total Current Employee Benefits	24 207 936	22 054 918
The movement in current provisions are reconciled as follows:		
16.1 <u>Performance Bonuses</u>		
Balance at beginning of year	876 922	364 246
Contribution to current portion	896 922	683 376
Expenditure incurred	(886 921)	(170 700)
Balance at end of year	886 922	876 922
Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
16.2 <u>Staff Bonuses</u>		
Balance at beginning of year	5 090 813	4 049 364
Contribution to current portion	11 169 110	9 154 805
Expenditure incurred	(10 153 106)	(8 113 355)
Balance at end of year	6 106 817	5 090 813
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.		
16.3 <u>Staff Leave</u>		
Balance at beginning of year	10 368 939	9 369 282
Contribution to current portion	1 962 527	2 197 514
Expenditure incurred	(939 725)	(1 197 857)
Balance at end of year	11 391 740	10 368 939
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	44 922 822	43 396 116
Correction of error note 38.1(b)	-	250 000
Correction of error note 38.1(c)	-	908 710
Correction of error note 38.1(e)	-	(1 035 717)
Correction of error note 38.1(n)	-	220 369
Correction of error note 38.1(o)	-	146 711
Correction of error note 38.1(u)	-	133 049
Payments received in advance	5 707 483	4 265 019
Unallocated funds debtors	145 267	283 503
Control, Clearing and Interface Accounts	1 155 032	684 564
Sundry Deposits	8 730	8 730
Pre-paid electricity	435 130	421 515
Retentions	3 065 386	1 571 315
Correction of error note 38.1(l)	-	161 576
Correction of error note 38.1(s)	-	85 255
Total Trade Payables	55 439 852	51 500 716

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

18. UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies	38 693 720	9 533 642
National Government Grants	26 156 409	1 793 399
Provincial Government Grants	12 537 310	7 901 819
Correction of Error Note 38.1	-	(161 576)
Less: Unpaid Transfers and Subsidies	(0)	-
Total Unspent Transfers and Subsidies	38 693 720	9 533 642

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

19 TAXES

19.1	VAT Payable	(131 189)	-
	VAT Output in Suspense	(10 815 593)	(11 452 611)
	Total VAT Payable	(10 946 782)	(11 452 611)
19.2	VAT Receivable	-	676 905
	Correction of error, refer to note 38.1(j)	-	396 787
	Correction of error, refer to note 38.1(k)	-	245 084
	Correction of error note 38.1(u)	-	17 354
	VAT Input in Suspense	5 320 523	2 647 874
	Correction of error note 38.1(s)	-	11 120
	Correction of error note 38.1(l)	-	21 075
	Total VAT Receivable	5 320 523	4 016 199
19.3	Net VAT (Payable)/Receivable	(5 626 259)	(7 436 412)

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

	2019 R	2018 R
20. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	93 124 217	85 808 966
Business and Commercial Property	20 554 886	19 128 163
Farm Holdings	3 746 301	3 307 665
Public Benefit Organisations	214 248	158 192
Public Service Infrastructure Properties	15 936	10 636
Residential Properties	58 031 341	53 386 033
State-owned Properties	10 561 506	9 818 277
Less: Revenue Forgone	(4 951 456)	(3 818 914)
Total Property Rates	88 172 762	81 990 053

Valuations - 1 July 2018

Rateable Land and Buildings	10 337 592 500	10 259 150 500
Business and Commercial Property	1 423 925 000	1 382 608 000
Churches	230 930 000	219 780 000
Municipal Properties	403 934 000	414 487 000
Pensioners	113 522 500	62 128 500
Public Benefit Organisations	79 010 000	77 830 000
Public Service Infrastructure Properties	9 986 500	10 164 500
Residential Properties	5 355 142 500	5 398 324 500
State-owned Properties	726 196 000	728 234 000
Agricultural Property	1 994 946 000	1 965 594 000
Less: Rebates	(218 754 000)	(217 140 000)
Total Assessment Rates	10 118 838 500	10 042 010 500

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	1.075c/R	1.003c/R
Government	1.445c/R	1.348c/R
Commercial	1.701c/R	1.587c/R
Agricultural	0.188c/R	0.175c/R

Rates are levied annually and monthly. Monthly rates are payable by the 10th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R15 000 on the valuation is exempted.

Foregone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

21. GOVERNMENT GRANTS AND SUBSIDIES

	2019 R	2018 R
Unconditional	67 861 000	62 683 000
Equitable Share	67 861 000	62 683 000
Conditional	103 762 914	104 204 502
Local Government Financial Management Grant (FMG)	1 620 000	1 550 000
Integrated National Electrification Programm	5 556 040	6 000 076
Municipal Infrastructure Grant	21 382 000	19 376 816
Extended Public Works Program	2 821 998	2 911 000
CDW operational support grant	-	13 720
Library Services	5 716 320	5 338 000
Integrating Housing Settlement Grant	45 527 897	49 789 985
Emergency Housing Program	1 406 000	1 406 000
Finance Management Support Grant	1 760 000	3 702 316
Maintenance Main Road Subsidy	106 510	106 168
Municipal Service Delivery and Capacity Building grant	400 000	1 870 568
Local Government Graduate Internship Grant	69 039	-
Municipal Draught Support Grant	-	959 416
Fire Services Capacity Building Grant	-	1 200 000
Water Services Infrastructure Grant	15 339 961	9 820 587
Thusong Centre Operational Grant	-	100 000
Municipal Electrical Master Plan Grant	617 000	-
Cango Caves Infrastructure Grant	1 440 150	59 850
Total Government Grants and Subsidies	171 623 914	166 887 502
Government Grants and Subsidies - Operating	130 694 174	113 150 212
Government Grants and Subsidies - Capital	40 929 740	53 737 290
Total Government Grants and Subsidies	171 623 914	166 887 502
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	67 861 000	62 683 000
Executive & Council	(33 251 890)	4 029 984
Municipal Manager	1 440 150	59 850
Corporate Services	349 039	236 036
Financial Services	3 100 000	4 311 150
Community and Public Safety	13 859 640	6 156 849
Technical Services	71 332 078	38 214 647
Human Settlement	46 933 897	51 195 985
Strategic Services	-	-
Total Government Grants and Subsidies	171 623 914	166 887 502

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
21.1		
<u>Equitable Share</u>		
Opening balance	-	-
Grants received	67 861 000	62 683 000
Conditions met - Operating	(67 861 000)	(62 683 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2		
<u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	-	-
Grants received	1 620 000	1 550 000
Conditions met - Operating	(1 620 000)	(1 550 000)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3		
<u>Water services Infrastructure Grant</u>		
Opening balance	17 836	-
Correction of Error note 38.1(a)	-	(161 576)
Grants received	40 000 000	10 000 000
Repaid to National Revenue Fund	(179 413)	-
Conditions met - Capital	(15 339 961)	(9 820 587)
Conditions still to be met	24 498 463	17 836

The Water Services Infrastructure Grant is mainly for the refurbishment and replacement of water infrastructure within the Dysselsdorp and De Rust area and for the new Blossoms Pipe line.

21.4		
<u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	-	(2 685 184)
Grants received	21 382 000	22 062 000
Conditions met - Operating	(1 170 610)	(892 551)
Conditions met - Capital	(20 211 389)	(18 484 265)
Conditions still to be met	0	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

21.5		
<u>Integrated National Electrification Grant</u>		
Opening balance	0	3 000 076
Grants received	5 600 000	3 000 000
Conditions met - Operating	(1 883 419)	(1 545 563)
Conditions met - Capital	(3 672 621)	(4 454 513)
Conditions still to be met	43 960	0

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

21.6		
<u>Extended Public Works Program</u>		
Opening balance	-	-
Grants received	2 822 000	2 911 000
Conditions met - Operating	(2 822 000)	(2 911 000)
Conditions still to be met	-	-

Job creation projects in previous disadvantage areas.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
21.7	<u>Finance Management Support Grant</u>		
	Opening balance	0	427 337
	Grants received	1 480 000	3 080 000
	Repaid to National Revenue Fund	-	(27 337)
	Conditions met - Operating	(1 480 000)	(718 849)
	Conditions met - Capital	-	(2 761 150)
	Conditions still to be met	<u>0</u>	<u>0</u>
	The Financial Management Support Grant was received from Provincial Treasury to assist the finance department with the revenue enhancement strategy, asset management functions and mSCOA Implementation		
21.8	<u>Integrating Human Settlement Grant</u>		
	Opening balance	4 870 256	647 253
	Grants received	50 538 845	54 012 988
	Conditions met - Operating	(45 526 941)	(33 679 112)
	Conditions met - Capital	-	(16 110 873)
	Conditions still to be met	<u>9 882 160</u>	<u>4 870 256</u>
	The Integrated Human Settlement Grant was received from the Provincial Government and is utilised for the building of low cost housing		
21.9	<u>Library Services</u>		
	Opening balance	0	-
	Grants received	7 658 000	5 338 000
	Conditions met - Operating	(5 450 701)	(5 279 631)
	Conditions met - Capital	(265 619)	(58 369)
	Conditions still to be met	<u>1 941 680</u>	<u>0</u>
	Library conditional grant utilised for operating expenditure of the Library, and the Rosevalley Library Subsidy for the building of a new library within the low cost housing project Rosevalley		
21.10	<u>Municipal Service Delivery and Capacity Building grant</u>		
	Opening balance	-	1 870 568
	Grants received	900 000	
	Conditions met - Operating	(400 000)	
	Conditions met - Capital	-	(1 870 568)
	Conditions still to be met	<u>500 000</u>	<u>-</u>
	The grant was received for pothole repairs and the organizational redesign that must be performed.		
21.11	<u>Supply for Drought Relief Interventions</u>		
	Opening balance	-	379 472
	Repaid to National Revenue Fund	-	(379 472)
	Conditions still to be met	<u>-</u>	<u>-</u>
	The grant was received to protect the revenue base of the municipality by ensuring water demands are met.		

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
21.12		
<u>Regional Bulk Infrastructure Grant - Department of Water Affairs and Forestry Grant</u>		
Opening balance	1 613 986	1 613 986
Conditions still to be met	1 613 986	1 613 986
The grant was given to assist with the water shortage in the area.		
21.13		
<u>Other Grants</u>		
Opening balance	3 031 562	2 248 818
Grants received	1 155 510	4 880 168
Repaid to National Revenue Fund	(54 904)	(29 953)
Conditions met - Operating	(2 478 549)	(3 890 505)
Conditions met - Capital	(1 440 150)	(176 965)
Conditions still to be met	213 470	3 031 562
21.14		
<u>Total Grants</u>		
Opening balance	9 533 641	7 502 326
Correction of Error	-	(161 576)
Grants received	201 017 355	169 517 156
Repaid to National Revenue Fund	(234 317)	(436 762)
Conditions met - Operating	(130 693 220)	(113 150 211)
Conditions met - Capital	(40 929 740)	(53 737 290)
Conditions still to be met/(Grant expenditure to be recovered)	38 693 719	9 533 641
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	38 693 720	9 533 642
Unpaid Conditional Government Grants and Receipts	(0)	-
Total	38 693 720	9 533 642
22.		
<u>SERVICE CHARGES</u>		
Electricity	222 752 227	214 893 433
Service Charges	229 837 991	220 152 316
Less: Revenue Foregone	(7 085 764)	(5 258 882)
Water	57 094 044	59 189 531
Service Charges	68 870 315	69 118 399
Less: Revenue Foregone	(11 776 271)	(9 928 868)
Water Klein Karoo Rural Scheme	4 648 784	4 540 578
Service Charges	4 648 784	4 540 578
Less: Revenue Foregone	-	-
Waste Management	17 504 411	16 709 630
Service Charges	26 289 281	23 373 482
Less: Revenue Foregone	(8 784 870)	(6 663 852)
Waste Water Management	32 867 695	31 125 665
Service Charges	41 310 757	37 615 295
Less: Revenue Foregone	(8 443 062)	(6 489 630)
Total Service Charges	334 867 160	326 458 837
Revenue Foregone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
23	SALES OF GOODS AND RENDERING OF SERVICES		
	Academic Services	1 105	1 823
	Advertisements	382 261	217 774
	Application Fees for Land Usage	94 338	51 540
	Building Plan Approval	512 400	557 862
	Camping Fees	211 368	216 857
	Cemetery and Burial	858 051	804 207
	Computer Services	92 500	52 593
	Encroachment Fees	115 369	89 035
	Legal Fees Recovered	1 717 818	1 709 146
	Library Fees	1 447	837
	Parking Fees	277 274	68 090
	Photocopies and Faxes	15 073	7 604
	Sale of Goods	12 008	11 852
	Valuation Services	215 467	140 381
	Total Sales of Goods and Rendering of Services	4 506 480	3 929 600
24.	RENTAL FROM FIXED ASSETS		
	Property, Plant and Equipment	3 418 494	3 453 170
	Total Rental from Fixed Assets	3 418 494	3 453 170
25.	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Bank	1 426 580	1 325 054
	Investments	7 110 804	4 260 683
	Total Interest Earned - External Investments	8 537 384	5 585 737
26.	INTEREST EARNED - EXCHANGE TRANSACTIONS		
	Trade Receivables	6 805 155	6 949 384
	Total Interest Earned - Outstanding Receivables	6 805 155	6 949 384
27.	OPERATIONAL REVENUE		
	Collection Charges	382 188	153 027
	Incidental Cash Surpluses	147 647	189 928
	Merchandising, Jobbing and Contracts	73 377	64 070
	Registration Fees	292 136	303 219
	Request for Information	4 589	4 126
	Staff Recoveries	90 945	147 951
	Total Operational Revenue	990 882	862 321
28.	EMPLOYEE RELATED COST		
	Acting Allowance	1 116 108	1 152 490
	Contributions to Group Insurance	2 667 030	2 331 272
	Contributions to Workman's Compensation	1 240 699	1 233 774
	Housing Benefits and Allowance	1 933 848	1 371 028
	Leave payments	1 962 527	2 197 514
	Standby Allowance	1 939 545	1 815 397
	Shift Allowance	469 590	228 509
	Basic Salaries and Wages	140 105 145	131 169 659
	Pension and UIF Contributions	24 068 338	20 799 079
	Medical Aid Contributions	9 954 773	9 384 177
	Overtime	12 930 453	12 374 841
	Bonuses	12 066 031	10 002 382
	Motor Vehicle Allowance	4 489 253	4 292 903
	Cellphone Allowance	988 254	752 161
	Other benefits and allowances	146 460	157 339
	Contribution to Long Service awards	1 371 536	1 267 339
	Contribution to Post Employment Medical	16 038 561	15 103 178
	Total Employee Related Costs	233 488 152	215 633 043

KEY MANAGEMENT PERSONNEL

Key management personnel are all permanently employed except for the Municipal Manager and Acting Director: Human Settlements. The Municipal Manager is appointed on a 5 year contract, and the Acting Director Human Settlements is seconded from Provincial Government to Oudtshoorn Municipality through a memorandum of agreement. All permanent staff is entitled to post retirement benefits upon retirement.

	2019 R	2018 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr Paulse</i>		
Basic Salary	897 979	957 802
Pension and UIF Contributions	151 006	156 189
Medical Aid Contributions	51 859	58 065
Performance Bonus	207 726	42 788
Motor Vehicle Allowance	241 693	241 693
Cell Phone Allowance	48 248	45 091
Other benefits and allowances	166 330	171 345
Payments in lieu of leave	19 944	54 007
Total	1 784 783	1 726 981
<i>Remuneration of the Chief Financial Officer - Mr Lötter</i>		
Basic Salary	869 950	857 345
Pension and UIF Contributions	1 785	1 785
Medical Aid Contributions	35 076	34 338
Performance Bonus	169 799	87 939
Motor Vehicle Allowance	197 564	197 564
Cell Phone Allowance	48 248	45 091
Other benefits and allowances	142 568	147 989
Payments in lieu of leave		33 712
Total	1 464 989	1 405 763
<i>Remuneration of Director : Corporate Services - Mr Smit</i>		
Basic Salary	935 195	923 863
Pension and UIF Contributions	169 180	168 080
Acting Allowance	10 652	70 077
Performance Bonus	169 799	
Cell Phone Allowance	48 248	45 091
Other benefits and allowances	143 852	149 193
Payments in lieu of leave	22 333	33 712
Total	1 499 258	1 390 015
<i>Remuneration of Director : Technical Services - Mr Koch</i>		
Basic Salary	1 102 590	1 090 158
Pension and UIF Contributions	1 785	1 785
Performance Bonus	169 799	14 990
Cell Phone Allowance	48 248	45 091
Housing Allowances	-	7 500
Other benefits and allowances	147 529	147 835
Total	1 469 950	1 307 358
<i>Remuneration of Director : Community Services - Mr T Matthee</i>		
Basic Salary	798 864	763 965
Pension and UIF Contributions	133 682	139 298
Medical Aid Contributions	51 859	48 509
Performance Bonus	169 799	24 983
Motor Vehicle Allowance	120 000	120 000
Cell Phone Allowance	48 248	45 091
Other benefits and allowances	139 654	143 015
Payments in lieu of leave	29 342	44 146
Total	1 491 447	1 329 007
<i>Remuneration of Acting Director: Human Settlement - Ms S Simms</i>		
Basic Salary	1 095 000	1 094 670
Pension and UIF Contributions	1 785	1 636
Cell Phone Allowance	9 000	9 000
Housing Allowances	96 000	96 000
Total	1 201 785	1 201 306

Ms S Simms is seconded from Provincial Government to be acting Director: Human Settlement. Provincial Government compensates the municipality for her remuneration through a memorandum of agreement annually.

	2019 R	2018 R
29. REMUNERATION OF COUNCILLORS		
Salaries	6 866 890	6 333 201
Pension	714 932	635 476
Travelling Allowance	2 206 658	2 078 839
Telephone Allowance	910 200	851 339
Medical Scheme	187 922	123 429
Total Councillors' Remuneration	10 886 603	10 022 284

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	499 753	206 937	33 300	121 058	861 048
Executive Deputy-Mayor	456 299	165 550	44 400	37 249	703 498
Speaker	368 529	165 550	44 400	129 082	707 561
Executive Committee Members	2 703 362	620 813	229 400	310 987	3 864 562
Councillors	2 838 947	1 047 808	558 700	304 477	4 749 932
Total Councillors' Remuneration	6 866 890	2 206 658	910 200	902 853	10 886 601

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

	2019 R	2018 R
30. CONTRACTED SERVICES		
Outsourced Services	13 625 505	5 732 761
Consultants and Professional Services	5 529 640	7 328 917
Contractors	4 005 537	8 334 416
Correction of error note 38.1(c)	-	62 490
Total Contracted Services	23 160 682	21 458 584

31. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	39 664 334	35 343 972
Intangible Assets	280 775	161 501
Capitalized Restoration Cost	634 371	634 371
Investment Property carried at cost	122 190	122 190
Total Depreciation and Amortisation	40 701 670	36 262 034

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
32. INTEREST, DIVIDENDS AND RENT ON LAND		
Long-term Borrowings	5 393 881	6 459 513
Non-current Provisions	1 675 051	4 218 202
Correction of error note 38.1(q)	-	2 997 061
Payables	1 111 869	530 848
Finance leases	758 865	1 190 204
Total Finance Costs	8 939 666	15 395 828
33. BULK PURCHASES		
Electricity	153 126 313	147 403 643
Water	59 542	233 597
Total Bulk Purchases	153 185 855	147 637 240
34. TRANSFERS AND SUBSIDIES		
Operational	3 788 163	2 947 142
Monetary Allocations	3 788 163	2 947 142
Bursaries Non Employee	211 468	313 500
Households	617 084	7 000
Non-profit Institutions	1 554 328	969 678
Provincial Government	1 405 284	1 406 964
Correction of error note 38.1(b)	-	250 000
Total Transfers and Subsidies	3 788 163	2 947 142
35. OPERATIONAL COST		
Advertising, Publicity and Marketing	2 542 357	1 700 130
Assets less than the Capitalisation Threshold	57 224	-
Bank Charges, Facility and Card Fees	2 601 528	2 271 303
Bursaries (Employees)	345 162	335 557
Cleaning Services	80 396	83 159
Commission	2 533 566	2 589 878
Courier and Delivery Services	30 252	30 490
Communication	2 856 657	3 656 218
Deeds	-	320 710
Entrance Fees	66 150	51 024
Entertainment	81 975	85 485
External Audit Fees	6 062 288	5 871 648
External Computer Service	3 691 008	3 356 261
Full Time Union Representative	186 756	244 306
Hire Charges	2 814 408	3 043 621
Housing Top Structures	44 326 941	32 230 223
Indigent Relief	393 400	671 983
Insurance Underwriting	1 778 967	1 825 351
Land Alienation Costs	-	4 760
Learnerships and Internships	500 410	824 008
Levies Paid - Water Resource Management Charges	538 090	154 697
Licences	490 900	525 898
Membership fees SALGA	2 493 763	2 151 861
Printing, Publications and Books	813 409	1 500 954
Professional Bodies, Membership and Subscription	31 398	16 440
Registration Fees	909 299	1 711 970
Remuneration to Section 79 Committee Members	78 764	-
Remuneration to Ward Committees	236 600	196 735
Resettlement Cost	562 661	117 705
Samples and Specimens	209 698	58 141
Servitudes and Land Surveys	5 200	-
Skills Development Fund Levy	2 024 010	1 730 512
Travel and Subsistence	3 190 477	3 136 122
Uniform and Protective Clothing	903 533	738 361
Vehicle Tracking	339 938	486 351
Wet Fuel	6 439 733	4 552 062
Correction of Error note 38.1(c)	-	833 742
Correction of Error note 38.1(k)	-	(245 084)
Correction of Error note 38.1(p)	-	341 132
Correction of Error note 38.1(y)	-	30 466
Total Operational Costs	90 215 802	77 234 179

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
36.	REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
	Receivables from Exchange Transactions and Non-Exchange	4 393 105	8 180 474
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	4 393 105	8 180 474
37.	GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
	Property, Plant and Equipment	(862 826)	(72 345)
	Total Gains/ (Loss) on Sale of Fixed Assets	(862 826)	(72 345)
38.	CORRECTION OF ERROR IN TERMS OF GRAP 3	2018 R	2017 R
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
38.1 (a)	Correction of Unspent Conditional Grants 2017/18. Retention on Infrastructure Project not provided for. This is corrected with the following entries, Dt Unspent Conditional Grants 2017/18 R161 576.44, (Ct) Accumulated Surplus 2017/18 R161 576.44		
(b)	Correction of Trade Payables from Exchange Transactions 2017/18. Contribution towards KKNK 2017/18 only processed in 2018/19. This is now corrected with the following entries, Dt Accumulated Surplus 2017/19 R250 000, (Ct) Trade Payables from Exchange Transactions 2017/18 R250 000		
(c)	Correction of Trade Payable from Exchange Transactions 2017/18. Expenditure relating to 2017/18 only paid in 2018/19. This is now corrected with the following entries, Dt Accumulated Surplus 2017/18 R908 710.18, Dt Taxes Input Claimable (Ct) Trade Payables from Exchange Transactions 2017/18 R908 710.18		
(d)	Correction of Receivables from Exchange Transactions Opening balance. Income relating to rental of Thusong Centrum, only levied in 2018/19 but with regards to prior periods. This is now corrected with following entries, Dt Receivables from Exchange Transactions Opening Balance R43 838.76, (Ct) Accumulated Surplus Prior Year R43 838.76		
(e)	Correction of Trade Payables from Exchange Transactions Opening balance. Creditor disputes with regards to prior year creditors only corrected in 2018/19, creditors were thus overstated in prior periods. This is now corrected with the following entries, Dt Trade Payables from Exchange Transactions Opening balance R1 035 716. 52, (Ct) Accumulated Surplus Opening balance R1 035 716. 52		
(f)	Correction of Property Plant and Equipment Electricity Infrastructure at Cost, Repairs & Maintenance incorrectly capitalised to WIP during 2017/18. This is now corrected with the following entries, (Dt) Accumulated Surplus 2017/18 R28 875.30, (Ct) Property Plant and Equipment Infrastructure WIP 2017/18 R28 875.30		
(g)	Correction of Property Plant and Equipment Solid Waste Infrastructure at Cost, WIP incorrectly duplicated during 2015/16. This is now corrected with the following entries, (Dt) Accumulated Surplus Prior Year R346 078, (Ct) Property Plant and Equipment - Solid Waste WIP R346 078		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(h)

Correction of Property Plant and Equipment Water Infrastructure WIP Opening balance. Operating items incorrectly capitalised. This is now corrected with the following entries, Dt Accumulated Surplus Prior Year R17 784, (Ct) Property Plant and Equipment Water Infrastructure Opening balance R17 784

(i) Correction of Property Plant and Equipment- Water Infrastructure at Cost. Journal incorrectly processed during prior year, understating the Infrastructure WIP. This is now corrected with the following entries, (Dt) Property Plant and Equipment- Water Infrastructure WIP Opening balance R 513 187.87, (Ct) Accumulated Surplus Opening balance R513 187.87

(j)

Correction of Taxes Opening balance. Input VAT not claimed in prior periods, after investigation and VAT review performed it was identified. This is now corrected with the following entries, Dt Taxes Opening balance Input VAT R396 787.32 and (Ct) Accumulated Surplus Opening balance R396 787.32

(k) Correction of Taxes 2017/18 balance. Input VAT not claimed in prior periods, after investigation and VAT review performed it was identified. This is now corrected with the following entries, Dt Taxes 2017/18 balance Input VAT R245 083.56 and (Ct) Accumulated Surplus Opening balance R245 083.56

(l)

Correction of Property Plant and Equipment Water Infrastructure at Cost 2017/18 WIP. Invoice relating to a 2017/18 retention was not provided for, and was paid during 2018/19. This is now corrected with the following entries, Dt Property Plant and Equipment Water Infrastructure 2017/18 R140 501.25, Dt Taxes 2017/18 R21075.19 (Ct) Trade Payables from Exchange Transactions R161 576.44

(m)

Correction of Property Plant and Equipment Infrastructure WIP 2017/18. Repairs Maintenance incorrectly capitalised. This is now corrected with the following entries, Dt Accumulated Surplus 2017/18 R35 806, (Ct) Property Plant and Equipment Infrastructure at Cost R35 806

(n) Correction of Property Plant and Equipment Water Infrastructure 2017/18 and Trade Payables 2017/18. Invoice with regards to 2017/18 only paid during 2018/19 which resulted in Trade Payables and Property Plant and equipment being understated. This is now corrected with following entries, Dt Property Plant and Equipment R220 368.76 and (Ct) Trade Payables from Exchange Transactions 2017/18 R220 368.76

(o)

Correction of Property Plant and Equipment Land and Buildings Opening balance and Trade Payables from Exchange Opening balance. Invoice with regards to prior periods only paid during 2018/19 which resulted in Trade Payables and Property Plant and equipment being understated. This is now corrected with following entries, Dt Property Plant and Equipment Opening balance R146 710 and (Ct) Trade Payables from Exchange Transactions 2017/18 R146 710.53

(p)

Correction of Property Plant and Equipment WIP 2017/18. Operational Items incorrectly capitalised against Electricity Infrastructure, that relates to Housing Top Structures. This is now corrected with the following entries, Dt Accumulated Surplus 2017/18 R341 131 and (Ct) Trade Payables from Exchange Transactions 2017/18 R341 132

(q)

Correction of Non-Current Provisions Opening balance. The previous calculation did not take into account GRAP 19 requirements and the time value of money, discount rate adjusted and recalculation performed retrospectively. This is now corrected with the following entries, Dt Non-Current Provisions Opening Balance R19 129 790 and (Ct) Accumulated Surplus Opening balance R19 129 790

(r)

Correction of Non-Current Provisions 2017/18 balance. The previous calculation did not take into account GRAP 19 requirements and the time value of money, discount rate adjusted and recalculation performed retrospectively. This is now corrected with the following entries, Dt Accumulated Surplus 2017/18 R2 997 061 and (Ct) Non-Current Provisions 2017/18 R2 997 061

(s)

Correction of Property Plant and Equipment Electricity Infrastructure at Cost 2017/18 WIP. Invoice relating to a 2017/18 retention - Dysselsdorp Bulk Infrastructure was not provided for, and was paid during 2018/19. This is now corrected with the following entries, Dt Property Plant and Equipment Water Infrastructure 2017/18 R74 134.58, Dt Taxes 2017/18 R11 120.19 (Ct) Trade Payables from Exchange 2017/18 R85 254.77

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (u) Correction of Property Plant and Equipment Electricity Infrastructure at Cost 2017/18 WIP. Invoice relating to a 2017/18 High Mast Lightning was not provided for, and was paid during 2018/19. This is now corrected with the following entries, Dt Property Plant and Equipment Water Infrastructure 2017/18 R115 695.05, Dt Taxes 2017/18 R17 354.26 (Ct) Trade Payables 2017/18 R133 049.31
- (v) Correction of Property Plant and Equipment- Other Assets Opening balance. First time recognition of movable assets purchased prior years. This is now corrected with the following entries Dt Property Plant and Equipment Other Assets Opening balance R1 624 224.23, (Ct) Accumulated Surplus R1 624 224.23
- (w) Correction of Accumulated Deprecation Other Assts. First time recognition of movable assets purchased prior years. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R990 630.19, Dt Accumulated surplus 2017/18 (Depreciation) R88 303.78 and (Ct) Accumulated Depreciation R1 078 993.97
- (x) Correction of Financial Lease assets not derecognized prior periods. This is now corrected with the following entries, (Dt) Accumulated Depreciation Leases Opening balance R644 230.12, (Ct) Leases Asset at Cost Opening balance R923 268.49
- (y) Correction of Intangible Assets at Cost. Assets were recognized in error, it relates to operating expenditure This is now corrected with the following entries. Dt Accumulated Surplus Opening balance R232 778.82, Dt Accumulated Surplus 2017/18 R30 466.20,(Ct) Intangible Assets Opening balance at Cost R232 778.82 and (Ct) Accumulated Surplus 2017/18 R30 466.20
- (z) Correction of Intangible Assets Accumulated Amortisation. Assets were recognized in error it relates to operating expenditure. This is now corrected with the following entries, Dt Accumulated Amortisation Opening balance R171 345.41, Dt Accumulated Amortisation 2017/18 R26 655.98 and (Ct) Accumulated Surplus Opening balance R171 345.41 and (Ct) Accumulated Surplus 2017/18 R26 655.98.
- (aa) Correction of Lease Assets at Cost. Disposal regarding CG30187 reversed, vehicle should not have been derecognized during 2017/18. This is now corrected with the following entries. Dt Lease Assets at Cost R384 155.54, (Ct) Accumulated Surplus Opening balance R384 155.54. Dt Accumulated Surplus Opening balance R20 886 and (Ct) Accumulated Depreciation Opening balance R20 886. Dt Accumulated Surplus 2017/18(Depreciation) R136 051 and (Ct) Accumulated Depreciation 2017/18 R136 051
- (bb) Correction of Property Plant & Equipment Other Assets. Reversal of Disposals 2017/18. Assets were written-off in error, and was subsequently found during the annual asset verification 2019. This is now corrected with the following entries, DT Other Assets at Cost R688 068.89, (Ct) Accumulated Depreciation Opening balance R239 003.41, (Ct) Accumulated Depreciation 2017/18 R38 258.10, (Ct) Accumulated Surplus 2017/18 R410 807.38
- (cc) Correction of Property Plant & Equipment Other Assets. Disposals not recognized during 2017/18, assets does not exist. This is now corrected with the following entries, Dt Accumulated Depreciation Opening balance R279 873.66, Dt Accumulated Depreciation 2017/18 R45 853. 66, Dt Accumulated Surplus 2017/18 R272 998.52 (Ct) Other Assets at Cost R598 728.89
- (dd) Correction of Property Plant and Equipment Leased Assets. Retrospective derecognition of lease vehicles, that were not disposed from the fixed asset register when the vehicle was returned to the provider after the term ended. This is now corrected with the following entire, Dt. Accumulated Surplus Opening balance R4 524 300, (Ct) Property Plant & Equipment Leases at Cost R4 524 300. Dt Accumulated Depreciation Leases R4 524 300 and Ct Accumulated Surplus Opening balance R3 118 614, Ct Accumulated Surplus 2017/18 R1 405 686
- (ee) Correction of Accumulated Depreciation Leases, due to an error in calculation prior periods. This is now corrected with the new fixed asset register, and following entries. Dt Accumulated Depreciation Leases R182 292 and (Ct) Accumulated Surplus 2017/18 R182 292

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (ff) Correction of Accumulated Depreciation Other Assets, due to error in calculation prior periods. This is now corrected with the new fixed asset register, and the following entries. Dt Accumulated Depreciation Opening balance R10 852 407.16, (Ct) Accumulated Surplus Opening balance R10 852 407.16. Dt Accumulated Depreciation 2017/18 R1 370 348.99, (Ct) Accumulated Surplus 2017/18 balance R1 370 348.99. Dt Accumulated Surplus 2017/18 R1 156 589 and (Ct) Accumulated Depreciation 2017/18 R1 156 589
- (gg) Correction of Accumulated Depreciation Infrastructure due to error on projects completed previously shown as WIP during 2017/18. This is now corrected the following entries. Dt Accumulated Surplus 2017/18 R125 577 and (Ct) Accumulated Surplus 2017/18 R125 577, Dt Accumulated Surplus Opening balance R38 658 and (Ct) Accumulated Depreciation Opening balance R38 658
- (hh) Correction of Property Plant and Equipment Opening balance - Land Buildings. Remedial Lightning project of Congo Caves omitted previous year when the new FAR was compiled. This is now corrected with the following entries, Dt Property Plant and Equipment Land Buildings Opening Balance R2 759 311.46, (Ct) Accumulated Surplus Opening Balance R2 759 311.46
- (ii) Correction Receivables from Non-Exchange Transactions Fines Opening balance and 2017/18 balance. There was an error in the reports generated from the service provider, which was subsequently corrected during 2018/19. This is now corrected with the following entries, Dt Receivables from Non Exchange Transactions balance R258 354 and (Ct) Accumulated Surplus R258 354
- (jj) Correction of Property Plant & Equipment Buildings at Cost. During the compilation of the new FAR corrections were identified that were adjusted retrospectively in terms of GRAP 3. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R17 545 585, (Ct) Buildings Opening Balance R17 545 585. Dt Accumulated Depreciation Opening balance R16 788 718, (Ct)Accumulated Surplus Opening balance R16 778 718. Dt Accumulated Depreciation 2017/18 R1 600 371 and (Ct) Accumulated Surplus 2017/18 R1 600 371
- (kk) Correction of Property Plant & Equipment Land at Cost. During the compilation of the new FAR corrections were identified that were adjusted retrospectively in terms of GRAP 3. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R18 289 750, Ct Accumulated Impairment and Depreciation Opening balance R18 289 750. Dt Accumulated Surplus Opening balance R1 861 440 and (Ct) Property Plant & Equipment R1 861 440
- (ll) Correction Property Plant Equipment Community Assets Opening balance. During the compilation of the new FAR corrections were identified that were adjusted retrospectively in terms of GRAP 3. This is now corrected with the following entries, Dt Property Plant & Equipment Community Assets Opening balance R36 120 056, (Ct) Accumulated Surplus Opening balance R36 120 156. Dt Accumulated Surplus Opening balance R3 470 287, (Ct) Accumulated Depreciation Community Assets Opening balance R3 470 287. Dt Accumulated Depreciation Community Assets 2017/18 R2 026 849 and (Ct) Accumulated Surplus 2017/18 R2 036 849
- (mm) Correction of Investment Property Opening balance. During the compilation of the FAR corrections were identified that were adjusted retrospectively in terms of GRAP 3. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R64 801 654, (Ct) Investment Property Opening balance R64 801 654. Dt Accumulated Depreciation Opening balance R15 343 031, (Ct) Accumulated Surplus Opening balance R15 343 031. Dt Accumulated Surplus Opening balance R3 037 079 and (Ct) Accumulated Impairment Investment Property R3 073 079. Dt Accumulated Depreciation Investment Property 2017/18 R1 529 265 and (Ct) Accumulated Surplus 2017/18 R1 529 265

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2018 R	2017 R
38.01 Accumulated Surplus/(Deficit)		
Balance previously reported	653 304 100	594 741 464
Correction of Unspent Conditional Grants 2017/18, refer to note 38.1 (a)	161 576	-
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (b)	(250 000)	-
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (c)	(908 710)	-
Correction of Receivables from Exchange Transactions Opening balance, refer to note 38.1(d)	43 839	43 839
Correction of Trade Payables from Exchange Transactions Opening balance, refer to note 38.1 (e)	1 035 717	1 035 717
Correction of Property Plant and Equipment Infrastructure at Cost - 2017/18, refer to note 38.1(f)	(28 875)	-
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(g)	(346 078)	(346 078)
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(h)	(17 784)	(17 784)
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(i)	513 188	513 188
Correction of Taxes Opening balance, refer to note 38.1(j)	396 787	396 787
Correction of Taxes 2017/18, refer to note 38.1(k)	245 084	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(m)	(35 806)	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(p)	(341 132)	-
Correction of Non-Current Provisions Opening balance, refer to note 38.1(q)	19 129 790	19 129 790
Correction of Non-Current Provisions Opening balance, refer to note 38.1(r)	(2 997 061)	-
Correction of Property Plant and Equipment- Other Assets Opening balance, refer to note 38.1(v)	1 624 068	1 624 068
Correction of Accumulated Depreciation Movable Assets Opening balance, refer to note 38.1(w)	(990 530)	(990 530)
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(w)	(88 294)	-
Correction of Property Plant and Equipment Leases Opening balance, refer to note 38.1(x)	(279 038)	(279 038)
Correction of Intangible Assets Opening balance, refer to note 38.1(y)	(232 779)	(232 779)
Correction of Intangible Assets 2017/18 balance, refer to note 38.1(y)	(30 466)	-
Correction of Intangible Assets Amortisation Opening balance , refer to note 38.1(z)	171 345	171 345
Correction of Intangible Assets Amortisation 2017/18 balance , refer to note 38.1(z)	26 656	-
Correction of Property Plant and Equipment Leases Opening balance, refer to note 38.1(aa)	384 156	384 156
Correction of Accumulated Depreciation Leases Opening balance, refer to note 38.1(aa)	(20 886)	(20 886)
Correction of Accumulated Depreciation Leases 2017/18, refer to note 38.1(aa)	(136 051)	-
Correction of Property Plant and Equipment Other Assets at cost, refer to note 38.1(bb)	688 069	-
Correction of Accumulated Depreciation Movable 2017/18, refer to note 38.1(bb)	(277 261)	-
Correction of Property Plant and Equipment Other assets at cost, refer to note 38.1(cc)	(598 726)	-
Correction of Accumulated Depreciation Movable 2017/18, refer to note 38.1(cc)	325 727	-
Correction of Property Land and Equipment Leases Opening balance, refer to note	(4 524 300)	(4 524 300)
Correction of Accumulated Depreciation Leases Opening balance refer to note 38.1(dd)	3 118 614	3 118 614
Correction of Accumulated Depreciation Leases 2017/18 refer to note 38.1(dd)	1 405 686	-
Correction of Accumulated Depreciation Opening balance Leases refer to note 38.1(ee)	2 302 535	2 302 535
Correction of Accumulated Depreciation 2017/18 Leases refer to note 38.1(ee)	(1 252 493)	-
Correction of Accumulated Depreciation 2017/18 Leases refer to note 38.1(ee)	(867 750)	-
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(ff)	1 370 349	-
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(ff)	(1 156 589)	-
Correction of Accumulated Depreciation Opening balance, refer to note 38.1(ff)	10 852 407	10 852 407
Correction of Accumulated Depreciation Infrastructure 2017/18 balance, refer to note 38.1(gg)	(125 577)	-
Correction of Accumulated Depreciation Infrastructure Opening balance, refer to note 38.1(gg)	(38 658)	(38 658)
Correction of Property Plant and Equipment Land Buildings Opening balance, refer to note 38.1(hh)	2 759 311	2 759 311
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	163 901	163 901
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	94 453	-
Correction of Property Plant and Equipment - Land Buildings at Cost Opening balance, refer to note 38.1(jj)	(17 545 585)	(17 545 585)
Correction of Accumulated Depreciation and Impairment Land Buildings Opening balance, refer to note 38.1(jj)	16 788 718	16 788 718
Correction of Accumulated Depreciation and Impairment Land Buildings 2017/18 balance, refer to note 38.1(jj)	1 600 371	-
Correction of Property Plant & Equipment Land Buildings Opening balance, refer to note 38.1(kk)	(1 861 440)	(1 861 440)
Correction of Accumulated Depreciation and Impairment Land Buildings Opening balance, refer to note 38.1(kk)	(18 289 750)	(18 289 750)
Correction of Property Plant & Equipment Community Assets Opening balance, refer to note 38.1(ll)	36 120 056	36 120 056
Correction of Accumulated Depreciation Community Assets Opening balance, refer to note 38.1(ll)	(3 470 287)	(3 470 287)
Correction of Accumulated Depreciation Community Assets 2017/18, refer to note 38.1(ll)	2 026 849	-
Correction of Investment Property Opening balance, refer to note 38.1(mm)	(64 801 654)	(64 801 654)
Correction of Investment Property Accumulated Depreciation Opening balance, refer to note 38.1(mm)	15 343 031	15 343 031
Correction of Investment Property Accumulated Impairment Opening balance, refer to note 38.1(mm)	(3 073 079)	(3 073 079)
Correction of Investment Property Accumulated Depreciation 2017/18, refer to note 38.1(mm)	1 529 265	-
	648 939 007	589 997 079

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2018 R	2017 R
38.02 Property, Plant and Equipment		
Balance previously reported		
Cost	1 125 467 546	1 073 358 109
Correction of Property Plant and Equipment Infrastructure at Cost - 2017/18, refer to note 38.1(f)	(28 875)	-
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(g)	(346 078)	(346 078)
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(h)	(17 784)	(17 784)
Correction of Property Plant and Equipment Infrastructure at Cost Opening balance , refer to note 38.1(i)	513 188	513 188
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(m)	(35 806)	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(p)	(341 132)	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(l)	140 501	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(n)	220 369	-
Correction of Property Plant and Equipment Land Buildings Opening balance, refer to note 38.1(o)	146 711	146 711
Correction of Property Plant and Equipment- Other Assets Opening balance, refer to note 38.1(v)	1 624 068	1 624 068
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(s)	74 135	-
Correction of Property Plant and Equipment Infrastructure at cost 2017/18, refer to note 38.1(u)	115 695	-
Correction of Property Plant and Equipment Leases at cost Opening balance, refer to note 38.1(x)	(923 268)	(923 268)
Correction of Property Plant and Equipment Leases Opening balance, refer to note 38.1(aa)	384 156	384 156
Correction of Property Plant and Equipment Other Assets at cost, refer to note 38.1(bb)	688 069	-
Correction of Property Plant and Equipment Other assets at cost, refer to note 38.1(cc)	(598 726)	-
Correction of Property Land and Equipment Leases Opening balance, refer to note 38.1(dd)	(4 524 300)	(4 524 300)
Correction of Property Plant and Equipment Land & Buildings Opening balance, refer to note 38.1(hh)	2 759 311	2 759 311
Correction of Property Plant and Equipment - Land Buildings at Cost Opening balance, refer to note 38.1(ii)	(17 545 585)	(17 545 585)
Correction of Property Plant & Equipment Land Buildings Opening balance, refer to note 38.1(jj)	(1 861 440)	(1 861 440)
Correction of Property Plant & Equipment Community Assets Opening balance, refer to note 38.1(ll)	36 120 056	36 120 056
Transfer from Investment Property	130 752	-
Accumulated Depreciation	(348 932 420)	(315 223 601)
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(w)	(990 530)	(990 530)
Correction of Accumulated Depreciation Movable Assets Opening balance, refer to note 38.1(w)	(88 294)	-
Correction of Accumulated Depreciation Leases Opening balance, refer to note 38.1(x)	644 230	644 230
Correction of Accumulated Depreciation Leases Opening balance, refer to note 38.1(aa)	(20 886)	(20 886)
Correction of Accumulated Depreciation Leases 2017/18, refer to note 38.1(aa)	(136 051)	-
Correction of Accumulated Depreciation Movable 2017/18, refer to note 38.1(bb)	(277 261)	-
Correction of Accumulated Depreciation Movable 2017/18, refer to note 38.1(cc)	325 727	-
Correction of Accumulated Depreciation Leases Opening balance refer to note 38.1(dd)	3 118 614	3 118 614
Correction of Accumulated Depreciation Leases 2017/18 refer to note 38.1(dd)	1 405 686	-
Correction of Accumulated Depreciation Opening balance Leases refer to note 38.1(ee)	2 302 535	2 302 535
Correction of Accumulated Depreciation 2017/18 Leases refer to note 38.1(ee)	(1 252 493)	-
Correction of Accumulated Depreciation 2017/18 Leases refer to note 38.1(ee)	(867 750)	-
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(ff)	1 370 349	-
Correction of Accumulated Depreciation Movable Assets 2017/18 balance, refer to note 38.1(ff)	(1 156 589)	-
Correction of Accumulated Depreciation Opening balance, refer to note 38.1(ff)	10 852 407	10 852 407
Correction of Accumulated Depreciation Infrastructure 2017/18 balance, refer to note 38.1(gg)	(125 577)	-
Correction of Accumulated Depreciation Infrastructure Opening balance, refer to note 38.1(gg)	(38 658)	(38 658)
Correction of Accumulated Depreciation and Impairment Land Buildings Opening balance, refer to note 38.1(ii)	16 788 718	16 788 718
Correction of Accumulated Depreciation and Impairment Land Buildings 2017/18 balance, refer to note 38.1(ii)	1 600 371	-
Correction of Accumulated Depreciation and Impairment Land Buildings Opening balance balance, refer to note 38.1(jj)	(18 289 750)	(18 289 750)
Correction of Accumulated Depreciation Community Assets Opening balance, refer to note 38.1(ll)	(3 470 287)	(3 470 287)
Correction of Accumulated Depreciation Community Assets 2017/18, refer to note 38.1(ll)	2 026 849	-
Restated Balance	806 950 502	785 359 935

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2018 R	2017 R
38.03 Intangible Assets		
Balance previously reported		
Cost	2 528 942	1 578 627
Correction of Intangible Assets Opening balance, refer to note 38.1(y)	(232 779)	(232 779)
Correction of Intangible Assets 2017/18 balance, refer to note 38.1(y)	(30 466)	-
Accumulated Amortisation	(1 345 400)	(1 157 243)
Correction of Intangible Assets Amortisation Opening balance, refer to note 38.1(z)	171 345	171 345
Correction of Intangible Assets Amortisation 2017/18 balance, refer to note 38.1(z)	26 656	-
Restated Balance	1 118 297	359 950
38.04 Investment Property		
Balance previously reported		
Cost	84 601 654	84 601 654
Correction of Investment Property Opening balance, refer to note 38.1(mm)	(64 801 654)	(64 801 654)
Accumulated Amortisation	(18 215 916)	(16 564 460)
Correction of Investment Property Accumulated Depreciation Opening balance, refer to note 38.1(mm)	15 343 031	15 343 031
Correction of Investment Property Accumulated Impairment Opening balance, refer to note 38.1(mm)	(3 073 079)	(3 073 079)
Correction of Investment Property Accumulated Depreciation 2017/18, refer to note 38.1(mm)	1 529 265	-
Restated Balance	15 383 301	15 505 492
38.05 Receivables from Exchange Transactions		
Balance previously reported	39 439 489	40 122 563
Correction of Receivables from Exchange Transactions Opening balance, refer to note 38.1(d)	43 839	43 839
Restated Balance	39 483 328	40 166 401
38.06 Receivables from Non-Exchange Transactions		
Balance previously reported	10 837 179	12 097 800
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	973 400	973 400
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	1 689 110	-
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	(878 947)	(878 947)
Correction of Receivables from Non-Exchange Transactions 2017/18 balance, refer to note 38.1(ii)	(1 525 209)	(1 525 209)
Restated Balance	11 095 533	10 667 044
38.07 Non-Current Provisions		
Balance previously reported	58 478 687	54 260 486
Correction of Non-Current Provisions Opening balance, refer to note 38.1(p)	(19 129 790)	(19 129 790)
Correction of Non-Current Provisions Opening balance, refer to note 38.1(q)	2 997 061	-
Restated Balance	42 345 958	35 130 696
38.08 Trade and Other Payables from Exchange Transactions		
Balance previously reported	50 630 735	38 097 410
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (b)	250 000	-
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (c)	908 710	-
Correction of Trade Payables from Exchange Transactions Opening balance, refer to note 38.1 (e)	(1 035 717)	(1 035 717)
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (l)	161 576	-
Correction of Trade Payables from Exchange Transactions Opening balance, refer to note 38.1 (o)	146 711	146 711
Correction of Trade Payables from Exchange Transactions Opening balance, refer to note 38.1 (n)	220 369	-
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (s)	85 255	-
Correction of Trade Payables from Exchange Transactions 2017/18, refer to note 38.1 (u)	133 049	-
Restated Balance	51 500 688	37 061 693
38.09 Unspent Transfers and Subsidies		
Balance previously reported	9 695 218	-
Correction of Unspent Conditional Grants 2017/18, refer to note 38.1 (a)	(161 576)	-
Restated Balance	9 533 642	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2018 R	2017 R
38.10 Taxes		
Balance previously reported	8 127 832	2 922 650
Correction of Taxes Opening balance, refer to note 38.1(j)	(396 787)	396 787
Correction of Taxes 2017/18, refer to note 38.1(k)	(245 084)	-
Correction of Taxes 2017/18, refer to note 38.1(l)	(21 075)	-
Correction of Taxes 2017/18, refer to note 38.1(u)	(17 354)	-
Correction of Taxes 2017/18, refer to note 38.1(s)	(11 120)	-
Restated Balance	7 436 412	3 319 438
	2019 R	2018 R
39. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	51 656 548	58 941 928
Adjustments for:		
Depreciation and Amortisation	40 701 670	36 262 034
Loss/(Gain) on Sale of Fixed Assets	961 254	72 345
Impairment Loss/(Reversal of Impairment Loss)	(4 393 105)	(8 180 474)
Contributed Property, Plant and Equipment	(20 192)	(194 742)
Actuarial Losses	2 557 835	401 558
Actuarial Gains	(23 873 556)	(6 766 799)
Change in Provision for Rehabilitation Cost	1 675 051	7 215 263
Contribution from/to provisions - Non-Current Employee Benefits	11 299 974	10 403 561
Contribution to employee benefits-current	2 153 018	2 425 607
Bad Debts written off	34 636 459	36 122 983
Operating Surplus/(Deficit) before changes in working capital	117 354 956	136 703 264
Changes in working capital	1 883 410	(4 224 472)
Increase in Consumer Deposits	759 840	720 916
Increase/(Decrease) in Trade and Other Payables	3 939 140	14 292 284
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	29 160 078	(653 869)
(Increase)/Decrease in Unpaid Conditional Public Grants and Reserves	(0)	2 685 184
Increase/(Decrease) in Taxes	(1 810 153)	4 910 549
(Increase)/Decrease in Inventory	(776 649)	(91 385)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(30 084 148)	(9 448 370)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	692 852	(16 644 897)
(Increase)/Decrease in Operating Lease Asset	2 450	5 116
Cash generated/(absorbed) by operations	119 238 367	132 478 792
40 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 11	-	-
Call Deposits and Investments - Note 11	97 605 086	63 510 176
Primary Bank Account - Note 11	25 080 246	7 459 285
Cash Floats - Note 11	37 860	37 860
Total cash and cash equivalents	122 723 192	71 007 321
41. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 40	122 723 192	71 007 321
Less:	(44 319 979)	(16 970 054)
Unspent Transfers and Subsidies - Note 18	(38 693 720)	(9 533 642)
VAT - Note 19	(5 626 259)	(7 436 412)
Net cash resources available for internal distribution	78 403 213	54 037 267
Resources available for working capital requirements	78 403 213	54 037 267

		2019 R	2018 R
42.	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 12	47 698 001	60 539 292
	Used to finance property, plant and equipment - at cost	(47 698 001)	(60 539 292)
		-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
43.	BUDGET INFORMATION		
43.1	Explanation of variances between approved and final budget amounts		
	The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal higher tariff increases on consumer debtors, additional revenue from National Government and reprioritising of capital projects, with the corresponding changes to funding sources.		
	Explanation of variances greater than 5%, or materiality of R6.2 million : Final Budget and Actual Amounts		
43.2	Statement of Financial Position		
43.2.1	Current Assets		
	Cash		
	Actual cash is R15.8 million more than budgeted because of the improved cash flow position subsequent to the revenue gains from the revenue enhancement strategy being implemented, as well as increased debt collection efforts and saving initiatives		
	Call Investment Deposits		
	Actual investments is R34 million more than budgeted because of the improved cash flow position subsequent to the revenue gains from the revenue enhancement strategy. Cash backed Unspent Grants to value of R39 million was also not anticipated as large capital projects could not be completed, for which a roll-over applications will be submitted.		
	Consumer Debtors		
	Consumer debtors is R14 million more than budgeted, mainly due to the fact that less debt was written off than anticipated. Only debt with regards to indigent households were written-off.		
	Other Debtors		
	Other debtors amount budgeted of relates to Fines that needs to be provided for in terms of iGRAP 1. The debtor is lower by R2.1 million due to the large amount of old fines written-off that was not taken into consideration. In terms of the Director of Public Prosecution all fines older than 18months and 24 months for which no action was taken should be written-off.		
	Current Portion of long-term receivables		
	Current portion is less than budgeted, because the actual operating lease straightlining calculation and subsequent journals were not taken into consideration when the budget was prepared. It was also anticipated that the operating leases will increase after signing of fixed term lease contracts		
	Inventory		
	Budget is R675 000 more than budgeted, due to more stock on hand at year-end than anticipated. More inventory were purchased during the year relating to consumables, and not yet issued at year end as anticipated		
43.2.2	Non-Current Assets		
	Investment Property		
	Budget was based on the original register opening balances that were qualified during the previous audit. Investment Property was corrected in line with the fixed asset register, classification changes and costing was retrospectively corrected in terms of GRAP 3, as per audit report 2017/18		
	Intangible Assets		
	Budget is less than the actual amount, due to the purchase of intangible assets not taken into consideration. All computer equipment purchases were budgeted in one account against Property Plant and Equipment, and split at year end according to their nature.		

43.2.3 Current Liabilities

Trade and Other Payables

Trade Payables is R4.8 million more than budgeted, due to increase in the creditor provisions at year end. Mainly due to large capital projects completed for which final invoices were issued after month-end June, that needs to be provided for as part of the creditor provisions

43.2.4 Non-Current Liabilities

Borrowing

Borrowing is R2.6 million less than budgeted, because of the financial vehicles were delivered only in June 2019, for which the repayment was only made based on 1 month and not a full financial year.

Provisions

Budget is R34 million less than the actual, because of the correction on Non-Current Provision for Rehabilitation Landfill sites, now taking into consideration the time value of money and unwinding of interest. This resulted in the provision to be adjusted materially downwards

43.2.5 Net Assets

Accumulated Surplus/(Deficit)

Accumulated Surplus is more than anticipated during the budget process, due to the much higher surplus in the Statement of Financial Performance. Surplus is higher mainly due to the actuarial gains, that can't be forecasted before hand due to the assumptions used by the expert actuaries.

Statement of Financial Performance

43.2.6 Revenue

Rental of Facilities and Equipment

Rental of facilities is R661 989 million more than budgeted, due to the increase in income received from rental of community halls. The budget is determined using past trends as a basis, which was lower than the actual revenue realised during 2017/18

Interest Earned - External Investments

Budgeted Interest on external investments is R2.6 more than budgeted due to the large amount of funds invested during 2018/19. The increase is measured against the much improved cash flow position and ability to make investments during the current financial year

Interest Earned - Outstanding Debtors

Rental of facilities is R352 601 million more than budgeted, due to the increase strict debt collection policy implemented. Interest levied on all outstanding debtors was more than anticipated, and was budgeted originally based on past trends from 2017/18

Fines, penalties and forfeits

Budgeted Revenue for Fines is R2million more than anticipated, because there was a new service provider appointed for speed camera fines as from 1 November 2018, and the law enforcement processes have improved from prior years due to the appointment of a new Head of Traffic Services

Licences and Permits

Budget is R330 296 more than actual revenue, due to incorrect classifications in terms of mSCOA during the year. This as corrected at year end, and revenue reallocated to correct accounts

Agency Services

Budgeted agency services income is R1.9 million more, due to changing economic conditions coupled to an increase in vehicle licence fees. This budget is based on actuals from previous years and forecasted with inflation. Agency services revenue is received for the renewal of vehicle licences and motor registrations, which increased substantially during the year.

Other Revenue

Actual revenue includes the actuarial gains to value of R23 million that was not included in the final budget. This amount is only available at year end after the actuarial valuations are performed, influenced by various economic and social factors

Transfers Recognised - Capital

Budgeted amount is R33 million higher than actual, due to the large capital projects funded from WSIG-Draught Relief funding and Department of Sport & Culture and Housing not being completed. A roll-over application will be submitted for all grant related projects committed but not completed.

43.2.7

Expenditure

Employee Related Costs

Employee related cost is R20 million below budget, due to vacancies that budgeted and not filled.

Debt Impairment

Debt Impairment budgeted relates to the Reversal/Contribution towards bad debt provision. This figure is based on actual payment ratio's per debtor at year end, main reversal in provision was due to the extent to which fines were written-off and not provided for impairment. This figure could not have been forecasted during the budget process accurately as the reports was only made available at year end.

Finance Charges

Finance charges is R1.3 million lower than budgeted, due to the lower interest that was calculated on the provision for landfill sites. Discounting was performed, which lead to a decrease in finance charges

Other Materials

Other materials are R7.5 million below budgeted amount, due to strict cost containment measures implemented to ensure a positive cash position. This underspending consists of inventory items and consumables that were not purchased.

Contracted Services

Contracted services are R11 million less than budgeted because of the reclassification in terms of the mSCOA Regulations. During budget process certain expenditure was classified as contracted services, but reallocated during the year-end procedures to Operational Cost.

Transfers and Grants

Transfer and Grants is R642 837 less budgeted, because certain subsidies budgeted with regards to Study Assistance and other were not paid out during the year. Expenditure was less than anticipated

Other Expenditure

Contracted services are R8million more than budgeted because of the reclassification in terms of the mSCOA Regulations. During budget process certain expenditure was classified as contracted services and inventory, but reallocated during the year-end procedures to Operational Cost.

Loss on Disposal of PPE

Budget on loss on disposal of assets could not be forecasted accurately and it was decided to not budget for uncertain events. Loss on Disposal is relating to the movable assets written-off by council as at 30 June 2019.

Cash Flow Statement

43.2.8 Net Cash from Operating Activities

Ratepayers and Other

Ratepayers and other is marginally less than budgeted, due to the payment percentage averaged at 97% for budget purposes. Actual was 96.5%.

Interest

Interest on investments and current bank account were more than budgeted due to the large amount of funds invested during 2018/19. The increase is measured against the much improved cash flow position and ability to make investments during the current financial year

Suppliers and Employees

Actual expenditure is R27.4 million lower than budget is mainly due to Employee Related Cost where vacancies could not be filled, the remainder is due to strict cost containment and saving measures implemented on expenditure

Finance costs

Finance Cost is R1.3million lower than budgeted, due to the lower interest charge towards the Landfill site than anticipated. After discounting the contributions were less than the budgeted amount.

Transfers and Grants

Transfer and Grants is R642 837 less budgeted, because certain subsidies budgeted with regards to Study Assistance and other was not paid out during the year. Expenditure was less than anticipated

43.2.9 Net Cash from Investing Activities

Capital Assets

Capital expenditure is R33 million lower than budgeted which comprises mainly out of the Human Settlement Grant project, Blossoms Pipe Line and Rosevalley Library Project that was not completed during the year. Roll-over applications will be completed.

43.2.10 Net Cash from Financing Activities

Repayment of Borrowing

Repayment of borrowing were R5.9 million more than budget, because the repayment of long outstanding creditors in arrears were not included in this item during budget process. It was actual cash that was repaid and should have been included.

	2019 R	2018 R
44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
44.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	313 708 083	313 708 083
Unauthorised expenditure current year - operational	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
A report to deal with prior year unauthorised expenditure is being finalised and will be submitted to the council forthwith	313 708 083	313 708 083

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Community And Public Safety	108 854 961	134 674 704	25 819 743	-
Corporate Services	23 200 559	26 731 209	3 530 650	-
Executive & Council	60 491 300	60 660 608	169 308	-
Financial Services	41 550 517	41 890 479	339 962	-
Human Settlement	54 769 625	54 779 247	9 622	-
Municipal Manager	18 278 719	24 347 435	6 068 716	-
Strategic Services	19 833 296	22 105 258	2 271 962	-
Technical Services	295 751 093	309 397 490	13 646 397	-
	622 730 070	674 586 430	51 856 360	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R
Unauthorised expenditure current year - capital				
Community And Public Safety	6 145 243	9 692 564	3 547 321	-
Corporate Services	-	-	-	-
Executive & Council	-	-	-	-
Financial Services	2 836 197	2 966 000	129 803	-
Human Settlement	-	5 000 000	5 000 000	-
Municipal Manager	2 623 342	3 417 304	793 962	-
Strategic Services	206 377	230 000	23 623	-
Technical Services	39 805 013	64 875 181	25 070 168	-
			-	-
	<u>51 616 172</u>	<u>86 181 049</u>	<u>34 564 877</u>	<u>-</u>
			2019 R	2018 R

44.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	35 433 650	34 956 608
Fruitless and wasteful expenditure current year	1 139 352	477 042
Condoned or written off by Council	-	-
A report to dealing with Fruitless and Wasteful expenditure is being finalised and will be submitted to the council forthwith	<u>36 573 002</u>	<u>35 433 650</u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest paid on arrear invoices of CF van der Mescht	None	-	26 057
Interest and legal fees paid to SA Rockdrills on full and final settlement	None	1 139 352	-
Interest paid on arrear invoices of Nurcha Financial Services	None	-	315 698
Interest paid on arrear invoices of Umvoto	None	-	111 199
Interest paid on arrear invoices of Lyners	None	-	24 087
		<u>1 139 352</u>	<u>477 042</u>

44.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	328 015 448	280 598 811
Irregular expenditure current year	44 482 753	47 416 637
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council	-	-
Irregular expenditure awaiting further action	<u>372 498 201</u>	<u>328 015 448</u>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Declaration of interest not submitted by supplier	Ongoing	-	81 150
Multiple deviations approved to the same supplier for the same service	Ongoing	1 991	42 415
Three quotations not obtained	Ongoing	-	-
No procurement process followed	Ongoing	153 820	142 619
Three quotations not obtained, no deviation process	Ongoing	-	25 389
No contracts available	Ongoing	-	616
Work done without purchase order/not registered on CSD	Ongoing	-	2 610
Payments made to suppliers exceed contract price	Ongoing	-	1 901 464
Tender advertised for less than required number of days	Ongoing	-	896 762
Payments exceeding the tender price, disclosed current year but incurred prior periods	Ongoing	-	11 690 426
Extension of Sec 32 Contract - ASLA not allowed	Ongoing	44 326 941	32 571 410
Expenditure paid above tender value	Ongoing	-	11 981
Preferential Procurement Points calculation - VAT not taken into account	Ongoing	-	49 795
		<u>44 482 753</u>	<u>47 416 637</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. Investigations have been initiated and a complete report will be submitted to MPAC and Council for consideration

OUDTSHOORN MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
45.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</u>		
	Opening balance	-	68 338
	Council subscriptions	2 499 928	2 161 011
	Amount paid - current year	(2 499 928)	(2 161 011)
	Amount paid - previous years	-	(68 338)
	Balance unpaid (included in creditors)	-	-
45.2	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	(0)	(941 533)
	Current year audit fee	6 971 631	6 846 126
	External Audit - Auditor-General	6 971 631	6 846 126
	Amount paid - current year	(6 965 852)	(6 846 126)
	Amount paid - previous year	-	941 533
	Balance unpaid (included in creditors)	5 778	(0)
45.3	<u>VAT - [MFMA 125 (1)(c)]</u>		
	Opening balance	(7 436 412)	(2 922 650)
	Nett movements	1 810 153	(4 513 762)
	Closing balance	(5 626 259)	(7 436 412)
	Input VAT	5 320 523	4 016 199
	Output VAT	(10 946 782)	(11 452 611)
	Closing balance	(5 626 259)	(7 436 412)
45.4	<u>PAYE and UIF - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year payroll deductions	(30 792 599)	26 984 904
	Amount paid - current year	30 792 599	(26 984 904)
	Balance unpaid (included in creditors)	-	-
45.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	58 637 318	52 170 011
	Amount paid - current year	(58 637 318)	(52 170 011)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
45.6	<u>Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005</u>		
	2018		
	Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)		
	Type of Deviation		
	Amount	Single Supplier	Impractical
			Emergency
July	164 281	-	164 281
August	82 811	-	82 811
September	-	-	-
October	-	-	-
November	-	-	-
December	25 080	-	25 080
January	412 529	-	107 372
February	312 390	63 413	248 977
March	293 012	26 843	266 168
April	6 677 279	-	160 268
May	1 550 443	22 242	1 158 953
June	6 973 007	2 995	1 073 012
Total	16 490 832	115 492	3 261 843
			13 113 496

2019

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Type of Deviation		
		Single Supplier	Impractical	Emergency
July	293 027	19 970	39 727	233 331
August	106 153	67 670	38 484	-
September	970 526	468 326	368 849	133 351
October	299 603	4 851	54 159	240 593
November	627 068	10 691	81 545	534 831
December	479 140	106 480	155 803	216 858
January	753 523	-	-	753 523
February	1 021 562	49 511	492 692	479 359
March	119 608	19 851	90 806	8 950
April	1 939 214	70 646	1 488 339	380 230
May	422 623	89 572	256 916	76 135
June	469 055	15 587	453 468	-
Total	7 501 101	923 155	3 520 786	3 057 160

45.7 Additional disclosure in terms of the Broad Based Black Economic Empowerment Act

Information on compliance with the B-BBEE Act will be included in the annual report based on actual audited figures for the current and prior year

	2019 R	2018 R
45.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	149 663 389	152 635 303
Units lost during distribution (Kwh)	16 720 860	12 440 820
Percentage lost during distribution	11.17%	8.15%
Distribution loss (Rand Value)		
Water distribution losses		
Units purchased (ml)	4 631 678	6 451 108
Units lost during distribution (ml)	503 256	1 135 134
Percentage lost during distribution	10.87%	17.60%
Distribution loss (Rand Value)		

46. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2019 R	2018 R
1% (2018: 1%) Increase in interest rates	499 071	29 709
1% (2018: 1%) Decrease in interest rates	(499 071)	(29 709)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

	2019 %	2019 R	2018 %	2018 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	6 858 311	100.00%	7 613 461
<u>Exchange Receivables</u>				
Electricity	30.84%	12 125 800	36.02%	14 223 240
Water	14.36%	5 648 537	19.39%	7 657 147
Property Rentals	0.00%	-	0.00%	-
Waste Management	6.09%	2 396 238	7.24%	2 859 367
Waste Water Management	9.03%	3 550 102	10.12%	3 996 431
Units not billed	29.65%	11 658 586	17.59%	6 947 073
Klein Karoo Water Scheme	1.80%	707 483	2.45%	968 353
Legal Fees Recovery	1.85%	727 184	1.84%	727 184
Sundry municipal charges	6.28%	2 471 423	5.29%	2 087 003
Prepaid expenditure	0.10%	38 748	0.04%	17 529
Other receivables	0.00%	20	0.00%	0
	100.00%	39 324 121	100.00%	39 483 328

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 12 and 13 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
<u>Non-exchange Receivables</u>				
Rates	21.63%	14 686 660	17.19%	12 423 081
Fines	9.67%	6 562 471	16.71%	12 079 230
<u>Exchange Receivables</u>				
Services	68.70%	46 637 236	66.10%	47 777 162
	100.00%	67 886 367	100.00%	72 279 474

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Government	0.33%	223 870	0.49%	351 356
Business	2.91%	1 974 075	2.32%	1 678 645
Residential	78.58%	53 342 365	72.16%	52 155 973
Indigents	8.41%	5 711 284	9.83%	7 101 830
Other	9.77%	6 634 774	15.21%	10 991 670
	100.00%	67 886 367	100.00%	72 279 474

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
<u>Non-exchange Receivables</u>				
Rates	75.38%	2 240 225	57.96%	2 568 731
Fines	24.62%	731 784	42.04%	1 863 063
	100%	2 972 009	100%	4 431 794

Exchange Receivables

Services	100%	9 345 348	100%	11 827 051
	100%	9 345 348	100%	11 827 051

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	39 324 121	39 483 328
Receivables from non-exchange transactions	10 402 680	11 095 533
Cash and Cash Equivalents	97 605 086	63 510 176
	147 331 887	114 089 037

The municipality is also exposed to a number of guarantees issued in favour of trade creditors. These guarantees are listed below:

Guarantee held at Standard Bank of South Africa in the favour of AFS Fuel	200 000	200 000
Guarantee held at Standard Bank of South Africa in the favour of ESKOM	409 100	409 100
	609 100	609 100

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	19 916 699	37 152 928	1 308 227	-
Provision for Rehabilitation of Landfill-sites	7 646 095	7 182 669	6 323 447	231 754 974
Trade and Other Payables	55 439 852	-	-	-
Unspent Conditional Grants and Receipts	38 693 720	-	-	-
	121 696 365	44 335 597	7 631 675	231 754 974
2018				
Long-term Liabilities	21 682 393	52 136 995	2 808 790	-
Provision for Rehabilitation of Landfill-sites	7 431 125	-	13 379 490	226 139 159
Trade and Other Payables	51 500 716	-	-	-
Unspent Conditional Grants and Receipts	9 533 642	-	-	-
	90 147 876	52 136 995	16 188 280	226 139 159

		2019 R	2018 R	
47.	FINANCIAL INSTRUMENTS			
	In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
47.1	<u>Financial Assets</u>	<u>Classification</u>		
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	18 155 976	19 972 192
	Water	Financial Instruments at amortised cost	22 766 527	25 396 161
	Property Rentals	Financial Instruments at amortised cost	506	590
	Waste Management	Financial Instruments at amortised cost	10 412 649	11 470 886
	Waste Water Management	Financial Instruments at amortised cost	12 620 038	13 479 941
	Legal Fees Recovery	Financial Instruments at amortised cost	727 184	727 184
	Klein Karoo Water Scheme	Financial Instruments at amortised cost	3 336 627	3 362 475
	Sundry municipal charges	Financial Instruments at amortised cost	6 221 095	5 816 667
	Other	Financial Instruments at amortised cost	23 421	25 953
	Receivables from Non-Exchange Transactions			
	Suspense Debtors	Financial Instruments at amortised cost	2 217 586	1 195 159
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	-	-
	Call Deposits	Financial Instruments at amortised cost	97 605 086	63 510 176
	Primary Bank Account	Financial Instruments at amortised cost	25 080 246	7 459 285
	Total Financial Assets		199 166 942	152 416 668
	Financial Instruments at amortised cost:			
	Receivables from Exchange Transactions	Electricity	18 155 976	19 972 192
	Receivables from Exchange Transactions	Water	22 766 527	25 396 161
	Receivables from Exchange Transactions	Property Rentals	506	590
	Receivables from Exchange Transactions	Waste Management	10 412 649	11 470 886
	Receivables from Exchange Transactions	Waste Water Management	12 620 038	13 479 941
	Receivables from Exchange Transactions	Legal Fees Recovery	727 184	727 184
	Receivables from Exchange Transactions	Klein Karoo Water Scheme	3 336 627	3 362 475
	Receivables from Exchange Transactions	Sundry municipal charges	6 221 095	5 816 667
	Receivables from Exchange Transactions	Other	23 421	25 953
	Receivables from Non-exchange Transactions	Suspense Debtors	2 217 586	1 195 159
	Cash and Cash Equivalents	Call Deposits	97 605 086	63 510 176
	Cash and Cash Equivalents	Primary Bank Account	25 080 246	7 459 285
			199 166 942	152 416 668
	Total Financial Assets		199 166 942	152 416 668
47.2	<u>Financial Liabilities</u>	<u>Classification</u>		
	Long-term Liabilities			
	Annuity Loans	Financial Instruments at amortised cost	40 942 662	50 787 593
	Capitalised Lease Liability	Financial Instruments at amortised cost	6 755 340	9 751 699
	Trade and Other Payables			
	Trade Payables	Financial Instruments at amortised cost	44 922 822	43 396 116
	Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	1 155 032	684 564
	Retentions	Financial Instruments at amortised cost	3 065 386	1 571 315
	Payments received in advance	Financial Instruments at amortised cost	5 707 483	4 265 019
	Cash and Cash Equivalents			
	Bank Overdraft	Financial Instruments at amortised cost	-	-
			102 548 726	110 456 306

		2019 R	2018 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	40 942 662	50 787 593
Long-term Liabilities	Capitalised Lease Liability	6 755 340	9 751 699
Trade and Other Payables	Trade Payables	44 922 822	43 396 116
Trade and Other Payables	Control, Clearing and Interface Accounts	1 155 032	684 564
Trade and Other Payables	Retentions	3 065 386	1 571 315
Trade and Other Payables	Payments Received in advance	5 707 483	4 265 019
		102 548 726	110 456 306

48. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes			
	VAT Receivable	5 320 523	4 016 199
Receivables from Non-Exchange Transactions			
	Rates	21 544 971	20 036 542
	Fines	7 889 255	14 366 143
Total Statutory Receivables (before provision)		34 754 748	38 418 885
Less:	Provision for Debt Impairment	21 249 132	24 502 311
Total Statutory Receivables (after provision)		56 003 880	62 921 196

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	24 502 311	26 080 962
Contribution to provision	13 679 148	10 908 227
Bad Debts Written Off	(16 932 328)	(12 486 878)
Balance at end of year	21 249 132	24 502 311

Balances past due not impaired

Non-exchange	2 972 009	4 431 794
	2 972 009	4 431 794

49. IN-KIND DONATIONS AND ASSISTANCE

The following officials provided services in-kind to the municipality in support of the Section 139 Intervention with the purpose of aiding with the financial, operational and institutional recovery of the municipality:

The municipality received the following in-kind donations and assistance:

Ms. Simms, funded by Department of Human Settlement through a subsidy that who's revenue is recognized in terms of GRAP 23

50. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

		2019 R	2018 R
51.	CONTINGENT LIABILITY		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
51.1	Cobus Louw Professional Engineers CC v Oudtshoorn Municipality		
	On/about the 17th of January 2014 the Municipality requested assistance from Cobus Louw Professional Engineers CC for the sourcing of external funding for possible infrastructure projects totalling R20,000,000. As per this request the sourcing of MIG funding was excluded. In terms of ECSA, a 30% of the total amount of project fees was due to the supplier which amounted to R560,960, but only paid R66 543. Although no summons was issued, we are of opinion that a contingent liability exist for the amount of R494,364.	494 364	494 364
51.2	P Esterhuizen v Oudtshoorn Municipality		
	Mr Pieter Esterhuizen made a claim of R52 290. for personal injuries sustained allegedly due to the road works done by the municipality. The insurance rejected the claim, and subsequently a summons was served against the municipality. The insurance company of the municipality is defending the matter.	52 290	52 290
51.3	D Hendricks vs. Oudtshoorn Municipality		
	Mr Henricks made a claim of R50 000. for personal injuries sustained allegedly due to an uneven pavement that he fell and sustained injuries. The insurance rejected the claim, and subsequently a summons was served against the municipality. The insurance company of the municipality is defending the matter.	50 000	50 000
51.4	Mr Bence vs. Oudtshoorn Municipality		
	Mr. Bence made a claim of R 218 000 in respect of monies paid in respect of arrears rates and services to obtain a clearance certificate, he is placing reliance on a constitutional court judgement made after the date of payment, the municipality is defending the matter and according to our attorney the applicant has very little chance of success.	218 000	218 000
	Golden Rewards 965 cc. vs. Oudtshoorn Municipality		
	This matter involves the contract that was awarded to Golden Rewards 965 to build temporary structures for the displaced people. A settlement of amounts owed was paid out to the company in terms of the contract but this company alleges that a balance is still due, the Municipality denies that it owes the money.	155 000	
	B Kraft vs. Oudtshoorn Municipality		
	Municipality was sued for damages after the complainant fell into a pothole, the municipality's insurer is defending the matter.	415 264	
	A Monroe vs. Oudtshoorn Municipality Case 3118/18		
	Complainant sued Municipality for damages as a result of injuries sustained due to her falling in a pothole in St John street, the municipality's insurer is defending the matter	150 000	
		1 534 918	814 654
52.	CONTINGENT ASSET		
52.1	Oudtshoorn Municipality v Invusa Trading (Pty) Ltd		
	The municipality disclosed under payables from exchange transactions the amount of R 3,4 million in respect of the creditor, Invusa Trading for services relating to road repairs allegedly rendered and invoiced, the municipality instituted a counter claim for a similar amount as the payable claimed, for undue enrichment stemming from the irregular extension of the contract to Invusa Trading (Pty) Ltd.	3 975 896	3 975 896

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

53. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

54.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship		
Imvusa Trading 1581 CC	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	-	40 360
Imvusa Trading 1581cc T/a Mammas Plant Hire	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	-	1 470
Kaybess Development Projects	V Booysen	Manager: Special Projects	Brother of Manager: Special Projects	-	26 000
Volmoed Quarries	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	4 692	165 437
Suave Unlocked Pty Ltd	A. Oliphant	Communications Officer	Brother of Communications officer	73 330	-
GH Towing	G. Wolmerans	Disaster Management Officers	Disaster Management Officers Brother	30 060	-
Transform Construction	H. Malgas	Disaster Management Officers	Disaster Management Officers Mother in-law	218 153	-
				326 235	233 267

55. FINANCIAL SUSTAINABILITY

There has been a markable improvement in both the financial position and financial performance since the 2015/2016 financial year and through the subsequent financial years since the administration was lifted after the Local Government elections of 2016. Various cost savings initiatives, revenue enhancement, and debt collection efforts have aided in the improvement of the financial performance as well as the liquidity position of the municipality. The strengthening of financial and other internal controls have also aided in the financial recovery process of the municipality. Senior personnel are enforcing financial strategies and strict financial controls aimed at further improving accountability and reducing unnecessary expenditure also ensuring that more care is taken by the sub-ordinate managers and staff members in general, in the utilization of municipal resources.

Management is therefore of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the

Financial Indicators

The following challenges are an indication of the risk relating to going concern:

- The current assets to current liabilities ratio is 1.18:1 which is still not within the norm of between 1.5 to 2:1 as stated in the National Treasury MFMA circular no. 71.
- A slight improvement on the 1.07:1 reported in the prior year.
- A consecutive surplus was realized from the comparative year.

Other Indicators

Possible outflow of recourses due the contingent liability disclosed in note 51.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Contributed PPE	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Land and Buildings															
Land	72 693 742							72 693 742	18 289 750					18 289 750	54 403 992
Buildings	44 857 122		192 758					45 049 881	7 975 840		796 192			8 772 032	36 277 849
	117 550 864	-	192 758	-	-	-	-	117 743 622	26 265 590	-	796 192	-	-	27 061 782	90 681 841
Infrastructure															
Roads & Stormwater	230 713 994	-	4 804 751	-		-	-	235 518 745	75 446 877	-	9 967 910	-	-	85 414 787	150 103 958
Electricity	147 834 117	-	1 987 560	3 601 387		-	-	153 423 064	46 585 725	-	4 694 601	-	-	51 280 326	102 142 737
Water Supply	364 057 108	-	8 510 791	10 370 180		-	-	382 938 079	95 772 171	-	9 269 949	-	-	105 042 120	277 895 959
Sanitation	86 188 715	-	10 991 324	2 547 538		-	-	99 727 577	21 986 641	-	3 537 897	-	-	25 524 539	74 203 039
Solid Waste Infrastructure	5 362 143		3 259 972					8 622 115	143 040		105 369			248 409	8 373 707
Communication Infrastructure			986 701					986 701						-	986 701
	834 156 076	-	30 541 100	16 519 105	-	-	-	881 216 281	239 934 454	-	27 575 726	-	-	267 510 180	613 706 100
Community Assets															
Libraries	7 017 156	-	-	58 320		-	-	7 075 476	1 080 555	-	99 014	-	-	1 179 569	5 895 908
Civic Buildings	22 262 266	-	-	-		-	-	22 262 266	6 867 003	-	395 469	-	-	7 262 472	14 999 793
Recreational Facilities	87 323 191	-	762 334	-		-	-	88 085 525	32 556 563	-	1 275 474	-	-	33 832 036	54 253 488
Cemeteries	2 425 539	-	-	-		-	-	2 425 539	305 163	-	25 463	-	-	330 626	2 094 913
Other	11 282 116							11 282 116	2 993 980		172 707			3 166 687	8 115 428
	130 310 268	-	762 334	58 320	-	-	-	131 130 921	43 803 264	-	1 968 127	-	-	45 771 391	85 359 530
Other Assets															
Furniture and Office Equipment	12 136 232	-	460 726	-	3 595	-	(749 011)	11 851 541	4 467 084	-	1 262 085	-	(502 241)	5 226 928	6 624 613
Motor vehicles	19 217 294	-	-	-		-	(1 391 266)	17 826 029	9 175 039	-	817 302	-	(1 027 534)	8 964 806	8 861 222
Computer Equipment	5 506 424	-	1 398 326	-	16 597	-	(663 331)	6 258 016	1 337 226	-	845 442	-	(442 331)	1 740 338	4 517 678
Plant & Equipment	7 840 282	-	1 016 614	-		-	(318 817)	8 538 079	3 759 899	-	759 144	-	(223 551)	4 295 492	4 242 586
	44 700 232	-	2 875 665	-	20 192	-	(3 122 426)	44 473 664	18 739 248	-	3 683 973	-	(2 195 657)	20 227 564	24 246 100
Leases															
Vehicles and Office Equipment	15 444 123	-	3 065 033	-		-	(116 462)	18 392 694	6 468 504	-	5 640 316	-	(81 977)	12 026 843	6 365 851
	15 444 123	-	3 065 033	-	-	-	(116 462)	18 392 694	6 468 504	-	5 640 316	-	(81 977)	12 026 843	6 365 851
Total	1 142 161 563	-	37 436 889	16 577 425	20 192	-	(3 238 887)	1 192 957 182	335 211 061	-	39 664 334	-	(2 277 633)	372 597 761	820 359 422

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.2 30 JUNE 2018

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Contributed PPE	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Land and Buildings															
Land	72 693 742	-	-	-	-	-	-	72 693 742	18 289 750	-	-	-	-	18 289 750	54 403 992
Balance Previously Reported	74 555 181							74 555 181						-	74 555 181
Correction of error note 38.1(kk)	(1 861 440)							(1 861 440)	18 289 750					18 289 750	(20 151 190)
Buildings	44 774 449	-	-	82 673	-	-	-	44 857 122	7 180 593	-	795 247	-	-	7 975 840	36 881 282
Balance Previously Reported	59 414 012			82 673				59 496 685	23 969 310		2 395 618			26 364 929	33 131 756
Correction of Error note 38.1(jj)	(17 545 585)							(17 545 585)	(16 788 718)		(1 600 371)			(18 389 089)	843 504
Correction of Error note 38.1(gg)	146 711							146 711						-	146 711
Correction of Error note 38.1(hh)	2 759 311							2 759 311						-	2 759 311
	117 468 191	-	-	82 673	-	-	-	117 550 864	25 470 343	-	795 247	-	-	26 265 590	91 285 274
Infrastructure															
Electricity	125 270 240	-	5 797 927	16 765 950	-	-	-	147 834 117	42 285 947	-	4 299 778	-	-	46 585 725	101 248 391
Balance previously reported	125 270 240	-	5 608 097	17 139 625		-	-	148 017 962	42 285 947	-	4 279 730	-	-	46 565 677	101 452 285
Correction of error note 38.1(gg)								-			20 048			20 048	(20 048)
Correction of error note 38.1(m)				(32 544)				(32 544)						-	(32 544)
Correction of error note 38.1(p)				(341 132)				(341 132)						-	(341 132)
Correction of error note 38.1(o)								-						-	-
Correction of error note 38.1 (s)			74 135					74 135						-	74 135
Correction of error note 38.1 (u)			115 695					115 695						-	115 695
Water Supply	352 021 064	-	71 736	11 964 308	-	-	-	364 057 108	87 039 063	-	8 733 108	-	-	95 772 171	268 284 937
Balance previously reported	351 525 660	-	71 736	11 635 575		-	-	363 232 971	87 039 019	-	8 732 004	-	-	95 771 023	267 461 948
Correction of error note 38.1(gg)								44			1 104			1 148	(1 148)
Correction of error note 38.1 (h)	(17 784)							(17 784)						-	(17 784)
Correction of error note 38.1 (f)				(28 875)				(28 875)						-	(28 875)
Correction of error note 38.1 (i)	513 188							513 188						-	513 188
Correction of error note 38.1(m)				(3 262)				(3 262)						-	(3 262)
Correction of error note 38.1(l)				140 501				140 501						-	140 501
Correction of error note 38.1(n)				220 369				220 369						-	220 369
Sanitation	85 656 710	-	479 962	52 043		-	-	86 188 715	19 490 415	-	2 496 226	-	-	21 986 641	64 202 074
Roads & Stormwater	215 224 598	-	13 845 585	1 643 811		-	-	230 713 994	68 466 421	-	6 980 456	-	-	75 446 877	155 267 117
Solid Waste	4 630 709	-	-	731 433	-	-	-	5 362 143	38 614	-	104 425	-	-	143 040	5 219 103
Balance previously reported	4 976 787	-	-	731 433		-	-	5 708 221	38 614		104 425			-	5 708 221
Correction of error note 38.1(gg)														143 040	(143 040)
Correction of error note 38.1(g)	(346 078)							(346 078)						-	(346 078)
	782 803 321	-	20 195 209	31 157 546	-	-	-	834 156 076	217 320 460	-	22 613 994	-	-	239 934 454	594 221 622
Community Assets															
Libraries	7 017 156	-	-	-	-	-	-	7 017 156	981 541	-	99 014	-	-	1 080 555	5 936 601
Balance previously reported	7 434 873							7 434 873	3 161 419	-	315 189			3 476 609	3 958 264
Correction of error note 38.1(II)	(417 717)							(417 717)	(2 179 878)		(216 176)			(2 396 053)	1 978 337
Civic Buildings	22 262 266	-	-	-	-	-	-	22 262 266	6 471 534	-	395 469	-	-	6 867 003	15 395 262
Balance previously reported	3 409 159							3 409 159	1 317 754	-	135 574			1 453 328	1 955 831
Correction of error note 38.1(II)	18 853 107							18 853 107	5 153 780		259 896			5 413 676	13 439 431
Recreational Facilities	87 192 438	-	130 752	-	-	-	-	87 323 191	31 287 216	-	1 269 347	-	-	32 556 563	54 766 628
Balance previously reported	81 232 999							81 232 999	33 194 749	-	3 468 590			36 663 339	44 569 661
Correction of error note 38.1(II)	5 959 439		130 752					6 090 191	(1 907 533)		(2 199 243)			(4 106 776)	10 196 967
Cemeteries	2 425 539	-	-	-	-	-	-	2 425 539	279 700	-	25 463	-	-	305 163	2 120 376
Balance previously reported	1 982 428							1 982 428	697 055	-	69 495			766 550	1 215 877
Correction of error note 38.1(II)	443 111							443 111	(417 355)		(44 032)			(461 388)	904 498

ODUTSHOORN MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Other	11 282 116	-	-	-	-	-	-	11 282 116	2 821 273	-	172 707	-	-	2 993 980	8 288 136
Balance previously reported								-						-	-
Correction of error note 38.1(II)	11 282 116							11 282 116	2 821 273		172 707			2 993 980	8 288 136
	130 179 515	-	130 752	-	-	-	-	130 310 268	41 841 264	-	1 962 000	-	-	43 803 264	86 507 003
Other Assets															
Furniture and Office Equipment	12 442 996	-	758 183	-	8 750	-	(1 073 698)	12 136 232	4 285 251	-	602 878	-	(421 045)	4 467 084	7 669 147
Balance previously reported	11 519 551	-	759 586	-	8 750	-	(1 365 520)	10 922 367	7 898 000	-	1 455 848	-	(1 064 351)	8 289 497	2 632 870
Transfer between classes	(2 198)		(1 403)				834	(2 767)						-	(2 767)
Transfer from Leases	129 500							129 500						-	129 500
Correction of error 38.1(v), 38.1(w)	796 144							796 144	455 847		34 997			490 844	305 299
Correction of error 38.1(ff)									(4 068 596)		(887 967)		520 985	(4 435 579)	4 435 579
Correction of error 38.1(bb)							364 042	364 042					152 392	152 392	211 650
Correction of error 38.1(cc)							(73 055)	(73 055)					(30 070)	(30 070)	(42 984)
Motor vehicles	18 128 829	-	1 385 578	-	-	-	(297 112)	19 217 294	8 363 877	-	1 010 642	-	(199 481)	9 175 039	10 042 256
Balance previously reported	18 154 180	-	1 303 277	-	-	-	(99 735)	19 357 722	12 449 203	-	1 099 198	-	(96 073)	13 452 328	5 905 394
Transfer between classes	(86 878)		82 301				8	(4 569)						-	(4 569)
Correction of error 38.1(ff)								-	(4 126 311)		(92 664)		39 614	(4 179 361)	4 179 361
Correction of error 38.1(bb)							3 619	3 619					20	20	3 599
Correction of error 38.1(cc)							(201 004)	(201 004)					(143 042)	(143 042)	(57 962)
Correction of error 38.1(v), 38.1(w)	61 527							61 527	40 985		4 108			45 093	16 434
Computer Equipment	4 561 182	-	1 605 562	-	-	-	(660 320)	5 506 424	1 314 085	-	315 604	-	(292 462)	1 337 226	4 169 198
Balance previously reported	4 403 760	-	1 629 763	-	-	-	(735 768)	5 297 754	2 538 945	-	578 964	-	(563 216)	2 554 693	2 743 062
Transfer between classes	25 183		(24 201)				336	1 318						-	1 318
Correction of error 38.1(ff)								-	(1 307 980)		(271 566)		256 267	(1 323 278)	1 323 278
Correction of error 38.1(v), 38.1(w)	132 239							132 239	83 120		8 205			91 325	40 914
Correction of error 38.1(bb)							147 049	147 049					35 899	35 899	111 150
Correction of error 38.1(cc)							(71 937)	(71 937)					(21 412)	(21 412)	(50 525)
Plant & Equipment	7 857 641	-	739 559	-	185 991	-	(942 909)	7 840 282	3 394 333	-	811 503	-	(445 936)	3 759 899	4 080 383
Balance previously reported	7 163 183	-	796 257	-	185 991	-	(862 360)	7 283 071	4 333 276	-	888 672	-	(743 408)	4 478 540	2 804 532
Correction of error 38.1(ff)								-	(1 349 521)		(118 152)		339 723	(1 127 950)	1 127 950
Transfer between classes	60 299		(56 698)				(1 178)	2 423						-	2 423
Correction of error 38.1(v), 38.1(w)	634 158							634 158	410 578		40 983			451 561	182 598
Correction of error 38.1(bb)							173 359	173 359					88 950	88 950	84 408
Correction of error 38.1(cc)							(252 729)	(252 729)					(131 202)	(131 202)	(121 527)
	42 990 648	-	4 488 882	-	194 742	-	(2 974 039)	44 700 232	17 357 546	-	2 740 627	-	(1 358 925)	18 739 248	25 960 984
Leases															
Vehicles and Office Equipment	15 861 313	-	1 191 725	-	-	-	(1 608 916)	15 444 123	2 337 595	-	5 256 231	-	(1 125 322)	6 468 504	8 975 619
Balance previously reported	21 434 787	-	1 191 725	-		-	(1 993 071)	20 633 441	8 382 088	-	5 273 372	-	(1 993 071)	11 662 389	8 971 052
Correction of error 38.1(x)	(923 268)							(923 268)	(644 230)					(644 230)	(279 038)
Correction of error 38.1(aa)							384 156	384 156	20 886		136 051			156 937	227 218
Correction of error 38.1(dd)	(4 520 705)							(4 520 705)	(3 118 614)		(1 405 686)			(4 524 300)	3 595
Correction of error 38.1(ee)								-	(2 302 535)		1 252 493		867 750	(182 292)	182 292
Transfer to Other Assets	(129 500)							(129 500)						-	(129 500)
	15 861 313	-	1 191 725	-	-	-	(1 608 916)	15 444 123	2 337 595	-	5 256 231	-	(1 125 322)	6 468 504	8 975 619
Total	1 089 302 988	-	26 006 569	-	31 240 219	-	(4 582 955)	1 142 161 563	304 327 208	-	33 368 099	-	(2 484 246)	335 211 061	806 950 502

APPENDIX A
ODUTSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
ANNUITY LOANS							
Standard Bank	12.65%	330071688	2021/06	9 398 766		(2 758 014)	6 640 752
Standard Bank	11.09%	061134732	2022/12/31	4 337 823		(790 889)	3 546 934
Standard Bank	11.70%	302786511	2023/06/20	17 406 264		(2 737 431)	14 668 833
FNB	11.97%	4-000-022-701-624	2016/06	3 631 187		(1 327 542)	2 303 646
				-			-
Development Bank of SA				-			-
Urban Infrastructure Project 10608/1	14.00%	10608/1/01	2017/06	4 855 688		(618 717)	4 236 971
Multiple Infrastructure 101096/1	10.41%	101096/1	2024/06	72 673		(47 243)	25 430
Multiple Infrastructure 101096/2	10.16%	101096/2	2019/12	1 776 316		(236 842)	1 539 474
Multiple Infrastructure 101647/1	7.59%	101647/1	2025/12	285 715		(142 857)	142 858
Multiple Infrastructure 101647/3	6.88%	101647/3	2015/06	4 342 106		(578 947)	3 763 159
Infrastructure 102003/1	6.56%	102003/1	2025/12	2 426 079		(303 260)	2 122 819
Electricity And Water 102292/2	6.59%	102292/2	2016/06	303 607		(86 371)	217 236
Deep Aquifer Hydrogeological 13774	15.67%	13774	2021/06	1 951 369		(216 819)	1 734 550
Total Annuity Loans				50 787 592	-	(9 844 932)	40 942 661
LEASE LIABILITY							
LEASE LIABILITY							
Isuzu KB 250 F/Slide Reg Cab (Leed) CG 28191	12.01%		2020/01	95 262		(61 834)	33 428
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30015	12.01%		2020/01	95 262		(61 834)	33 428
Isuzu KB 250 F/Side D/Cab Hi-Rider CG 29891	12.01%		2019/12	98 192		(72 346)	25 846
Chevrolet Utility 1.4 + A/c CG 16101	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 10020	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 17054	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 15435	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu KB 250 F/Side Reg Cab (Leed) CG 11569	12.01%		2020/02	94 885		(61 590)	33 295
Isuzu KB 250 F/Side Reg Cab (Leed) CG 15076	12.01%		2020/02	94 885		(61 590)	33 295
Isuzu KB 250 F/Side Reg Cab (Leed) CG 15299	12.01%		2020/02	94 885		(61 590)	33 295
Isuzu KB 250 F/Side Reg Cab (Leed) CG 28551	12.01%		2019/12	80 976		(59 661)	21 315
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29837	12.01%		2019/12	80 976		(59 661)	21 315
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29940	12.01%		2020/01	237 965		(164 281)	73 684
Chevrolet Utility 1.4 + A/c CG 14177	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 15042	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 14240	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29933	12.01%		2020/01	237 965		(164 281)	73 684
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29938	12.01%		2020/01	237 965		(164 281)	73 684
Chevrolet Utility 1.4 + A/c CG 31709	12.01%		2019/12	65 441		(48 216)	17 225
Chevrolet Utility 1.4 + A/c CG 15643	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29836	12.01%		2019/12	80 976		(59 661)	21 315
Isuzu KB 250 F/Side Reg Cab (Leed) CG 17509	12.01%		2019/12	80 976		(59 661)	21 315
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29835	12.01%		2019/12	80 976		(59 661)	21 315
Isuzu KB 250 F/Side Reg Cab (Leed) CG 11230	12.01%		2020/02	90 327		(58 632)	31 695
Isuzu KB 250 F/Side Reg Cab (Leed) CG 13791	12.01%		2020/02	94 885		(61 590)	33 295
Chevrolet Spark 1.2L CG 12963	12.01%		2019/12	62 133		(45 778)	16 355
Chevrolet Spark 1.2L CG 26073	12.01%		2019/12	62 133		(45 778)	16 355
Chevrolet Spark 1.2L CG 26828	12.01%		2019/12	62 133		(45 778)	16 355
Chevrolet Utility 1.4 + A/c CG 17629	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu KB 250 F/Side Reg Cab (Leed) CG 28268	12.01%		2019/12	80 976		(59 661)	21 315
Chevrolet Utility 1.4 + A/c CG9909	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30014	12.01%		2020/01	95 262		(61 834)	33 428
Chevrolet Utility 1.4 + A/c CG 10367	12.01%		2019/11	62 514		(46 059)	16 455
Chevrolet Utility 1.4 + A/c CG 16602	12.01%		2019/11	62 514		(46 059)	16 455
Isuzu KB 250 F/Side Reg Cab (Leed) CG 18605	12.01%		2019/11	80 976		(59 661)	21 315
Isuzu KB 250 F/Side Reg Cab CG 11214	12.01%		2019/12	97 498		(71 835)	25 663
Isuzu KB 250 F/Side Reg Cab (Leed) CG 4456	12.01%		2020/05	100 698		(55 277)	45 421
UD Trucks UD 85d Tipper CG 10546	12.01%		2020/05	467 607		(243 924)	223 683
Isuzu KB 250 LE 4x4 Reg Cab CG 30357	12.01%		2020/04	129 023		(74 702)	54 321
Isuzu KB 250 LE 4x4 D/Cab CG 30187	12.01%		2020/04	231 699		(134 150)	97 549
Isuzu KB 250 F/Side Reg Cab CG 30227	12.01%		2020/04	100 543		(58 213)	42 330
Chevrolet Spark 1.2 CG 28536	12.01%		2020/04	76 754		(44 439)	32 315
Isuzu KB 250 LE 4x4 D/Cab CG 4859	12.01%		2020/05	142 540		(78 246)	64 294
Isuzu KB 250 F/Side Reg Cab CG 30227	12.01%		2020/05	103 073		(56 581)	46 492
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30283	12.01%		2020/04	96 309		(55 761)	40 548
Chevrolet Spark 1.2 CG 30261	12.01%		2020/04	76 754		(44 439)	32 315
Chevrolet Spark 1.2 CG 30263	12.01%		2020/04	76 754		(44 439)	32 315
Chevrolet Utility 1.4 + A/c CG 17761	12.01%		2020/04	70 244		(40 670)	29 574

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
Chevrolet Utility 1.4 + A/c CG 19934	12.01%		2020/04	70 244		(70 243)	1
Chevrolet Utility 1.4 + A/c CG 17096	12.01%		2020/04	70 244		(40 670)	29 574
Chevrolet Utility 1.4 + A/c CG 28297	12.01%		2020/04	70 244		(40 670)	29 574
Chevrolet Utility 1.4 + A/c CG 4845	12.01%		2020/04	73 445		(40 317)	33 128
Isuzu KB 250 LE 4x4 D/Cab CG 28060	12.01%		2020/01	207 520		(134 701)	72 819
Isuzu KB 250 F/Side Reg Cab (Leed) CG 4456	12.01%		2020/05	112 253		(61 620)	50 633
Isuzu KB 250 F/Side Reg Cab (Leed) CG 14422	12.01%		2020/05	215 955		(118 547)	97 408
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 16899	12.01%		2020/05	230 573		(126 572)	104 001
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 19856	12.01%		2020/05	230 573		(126 572)	104 001
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 13487	12.01%		2020/05	238 388		(130 862)	107 526
Isuzu Trucks N Series NPR 400 F/C CC CG 14545	12.01%		2020/05	215 955		(118 547)	97 408
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 16028	12.01%		2020/05	268 748		(147 527)	121 221
Isuzu KB 250 F/Side Reg Cab (Leed) CG 20551	12.01%		2019/12	80 976		(80 975)	1
UD Trucks UD 85d Tipper CG 16844	12.01%		2020/06	965 733		(503 769)	461 964
Isuzu Trucks N Series NPR 400 F/C CC CG 17050	12.01%		2020/06	484 204		(252 582)	231 622
Isuzu Trucks N Series NPR 400 F/C CC CG 29941	12.01%		2020/01	218 105		(148 859)	69 246
Isuzu KB 250C F/Side Reg Cab CG 17564	10.00%		2020/02	136 858		(79 376)	57 482
Isuzu KB 250C F/Side Reg Cab CG 16558	10.00%		2020/02	136 858		(79 376)	57 482
Isuzu KB 250C HO HI-RIDER Reg Cab 4x4 CG 7204	10.00%		2019/12	159 841		(103 887)	55 954
Isuzu KB 250C F/Side Reg Cab CG 7947	10.00%		2019/12	120 760		(78 487)	42 273
Isuzu KB 250C F/Side Reg Cab CG 6860	10.00%		2019/12	124 490		(80 911)	43 579
Isuzu KB 250 HO HI-RIDER Reg Cab 4x4 CG 7012	10.00%		2019/12	157 931		(102 645)	55 286
Toyota Hilux 2.4 GD-6 RB SRX CG 24657	10.00%		2021/02	180 678		(62 201)	118 477
Nissan NP200 1.6 8v BASE + AC UA6 CG 8758	10.00%		2019/11	75 055		(51 870)	23 185
Ford Ranger 2.2tdci L/r P/u S/c Cg 30855	10.25%		2022/05		197 461	(4 708)	192 753
Ford Ranger 2.2tdci L/r P/u S/c Cg 29680	10.25%		2022/05		197 461	(4 708)	192 753
Ford Figo 1.5ti Vct Ambiente (5dr) Cg 33999	10.25%		2022/05		137 388	(3 276)	134 112
Ford Figo 1.5ti Vct Ambiente (5dr) Cg 33996	10.25%		2022/05		137 395	(3 276)	134 119
Ford Figo 1.5ti Vct Ambiente (5dr) Cg 31834	10.25%		2022/05		137 395	(3 276)	134 119
Ford Ranger 2.2tdci XI 4*4 P/u Sup/cab Cg 34001	10.25%		2022/06		324 158	-	324 158
Ford Ranger 2.2tdci L/r P/u S/c Cg 32359	10.25%		2022/05		197 461	(4 708)	192 753
Ford Ranger 2.2tdci XI 4*4 P/u D/c Cg 32597	10.25%		2022/05		313 942	(7 485)	306 457
Ford Ranger 2.2tdci XI 4*4 P/u D/c Cg 34003	10.25%		2022/05		313 942	(7 485)	306 457
Ford Ranger 2.2tdci L/r P/u S/c Cg 34006	10.25%		2022/05		197 461	(4 708)	192 753
Ford Ranger 2.2tdci L/r P/u S/c Cg 33895	10.25%		2022/05		197 461	(4 708)	192 753
Ford Ranger 2.2tdci XI 4*4 P/u D/c Cg 34007	10.25%		2022/05		310 780	(7 410)	303 370
Ford Ranger 2.2tdci L/r P/u S/c Cg 34012	10.25%		2022/05		197 461	(4 708)	192 753
Suzuki Ertiga 1.5 Ga Cg 20395	10.25%		2022/05		205 267	(4 894)	200 373
							-
Total Lease Liabilities				9 751 698	3 065 033	(6 061 381)	6 755 350
TOTAL EXTERNAL LOANS				60 539 291	3 065 033	(15 906 312)	47 698 011

APPENDIX B
OUDTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Governance and Administration			
105 671 209	(74 653 661)	31 017 548	Executive and council	94 169 052	(76 320 333)	17 848 719
87 380 211	(63 738 401)	23 641 811	Finance and administration	91 904 387	(68 473 299)	23 431 088
-	(1 672 503)	(1 672 503)	Internal audit	-	(1 821 243)	(1 821 243)
					-	
			Community and Public Safety		-	
5 438 000	(13 057 553)	(7 619 553)	Community and social services	5 716 320	(18 724 141)	(13 007 821)
2 495 784	(34 731 801)	(32 236 017)	Sport and recreation	1 753 110	(35 092 898)	(33 339 787)
9 467 945	(31 311 372)	(21 843 428)	Public safety	14 621 715	(32 355 260)	(17 733 545)
51 195 985	(41 870 423)	9 325 562	Housing	46 933 897	(54 769 625)	(7 835 728)
				-	-	
			Economic and Environmental Services		-	
-	(16 520 831)	(16 520 831)	Planning and development	-	(19 833 296)	(19 833 296)
22 404 909	(32 261 455)	(9 856 546)	Road transport	24 710 508	(39 389 312)	(14 678 805)
	-			-	-	
	-		Trading Services		-	
221 912 005	(173 384 941)	48 527 064	Energy sources	237 575 595	(180 656 884)	56 918 711
76 484 936	(42 127 417)	34 357 519	Water management	88 902 549	(45 779 920)	43 122 629
31 825 271	(20 665 952)	11 159 319	Waste water management	41 752 388	(23 793 386)	17 959 003
17 389 566	(26 727 583)	(9 338 017)	Waste Management	26 347 096	(25 720 473)	626 623
-	-	-		-	-	
-	-	-	Other	-	-	-
631 665 820	(572 723 892)	58 941 928	Sub Total	674 386 618	(622 730 070)	51 656 548
-	-	-	Less Inter-Departmental Charges	-	-	-
631 665 820	(572 723 892)	58 941 928	Total	674 386 618	(622 730 070)	51 656 548

APPENDIX C
ODTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Executive & Council			
87 803 452	(50 168 085)	37 635 367	Council General	75 979 509	(53 621 071)	22 358 438
-	(65 799)	(65 799)	Office Of The Executive Deputy Mayor	-	(13 923)	(13 923)
-	(6 873 154)	(6 873 154)	Office Of The Executive Mayor	-	(6 368 734)	(6 368 734)
-	(443 449)	(443 449)	Office Of The Speaker	-	(487 572)	(487 572)
-	-	-	Municipal Manager	-	-	-
-	(2 832 501)	(2 832 501)	Office of the Municipal Manager	-	(2 880 354)	(2 880 354)
-	(1 672 503)	(1 672 503)	Internal Audit	-	(1 821 243)	(1 821 243)
17 868 678	(11 614 743)	6 253 935	Cango Caves	18 189 543	(12 948 679)	5 240 864
-	(7 600)	(7 600)	Risk Management	-	(628 442)	(628 442)
-	-	-	Corporate Services			
-	(2 632 487)	(2 632 487)	Office of HOD - Corporate Services	-	(2 028 343)	(2 028 343)
13 720	(300 294)	(286 573)	Council Support	-	(329 640)	(329 640)
-	(9 385 809)	(9 385 809)	Administration & Archives	-	(9 386 563)	(9 386 563)
1 065 288	(9 496 464)	(8 431 176)	Human Resources	629 452	(9 230 735)	(8 601 284)
-	(2 169 450)	(2 169 450)	Contract & Legal Services	-	(2 225 278)	(2 225 278)
-	-	-	Financial Services			
-	(3 177 107)	(3 177 107)	Office of the CFO	-	(6 002 541)	(6 002 541)
84 751 203	(13 568 526)	71 182 677	Income	88 441 552	(14 799 790)	73 641 761
-	(4 165 017)	(4 165 017)	Expenditure	-	(4 567 045)	(4 567 045)
-	(5 169 867)	(5 169 867)	Information Technology	-	(6 803 798)	(6 803 798)
1 550 000	(7 384 215)	(5 834 215)	Financial Accounting	2 833 384	(5 718 964)	(2 885 580)
-	(2 886 741)	(2 886 741)	Supply Chain Management	-	(3 658 379)	(3 658 379)
-	-	-	Community And Public Safety			
10 003	(13 030 938)	(13 020 935)	Office of HOD - Community Services	-	(14 390 106)	(14 390 106)
9 467 945	(31 311 372)	(21 843 428)	Protection Services	14 621 715	(32 355 260)	(17 733 545)
2 495 784	(22 072 354)	(19 576 570)	Parks & Recreation	1 753 110	(24 002 552)	(22 249 442)
5 338 000	(5 591 345)	(253 345)	Library Services	5 716 320	(6 490 817)	(774 497)
17 389 566	(24 623 540)	(7 233 975)	Cleansing Services	26 347 096	(22 682 663)	3 664 433
100 000	(7 094 717)	(6 994 717)	Council Buildings & Halls	-	(8 933 563)	(8 933 563)
-	-	-	Airport	-	-	-
-	-	-	Technical Services			
22 393 984	(37 733 693)	(15 339 709)	Civil Engineering Services	24 710 508	(42 435 472)	(17 724 965)
221 912 005	(171 044 953)	50 867 053	Electro-technical Services	237 575 595	(178 630 172)	58 945 423
-	(2 339 988)	(2 339 988)	Office Of Hod - Technical Services	-	(2 026 712)	(2 026 712)
76 484 936	(42 127 417)	34 357 519	Rural Water	88 902 549	(45 779 920)	43 122 629
31 825 271	(20 294 818)	11 530 453	Sewerage	41 752 388	(23 785 036)	17 967 353
-	(3 394 825)	(3 394 825)	Workshop	-	(3 093 781)	(3 093 781)
-	-	-	Human Settlement			
51 195 985	(41 529 291)	9 666 694	Human Settlement	46 933 897	(54 769 625)	(7 835 728)
-	-	-	Strategic Services			
-	(8 512)	(8 512)	IDP	-	(72 268)	(72 268)
-	(11 462 997)	(11 462 997)	Corporate Wide Strategic Planning	-	(14 116 798)	(14 116 798)
-	(5 049 322)	(5 049 322)	Town Planning	-	(5 644 230)	(5 644 230)
-	-	-				
631 665 820	(572 723 892)	58 941 928	Sub Total	674 386 618	(622 730 070)	51 656 548
			Less Inter-Departmental Charges			
631 665 820	-572 723 892	58 941 928	Total	674 386 618	-622 730 070	51 656 548

APPENDIX D
ODUTSHOORN LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
<u>National Government Grants</u>											
Equitable Share	-	-	-	67 861 000	-	-	(67 861 000)	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 620 000	-	-	(1 620 000)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	21 382 000	-	-	(1 170 610)	(20 211 389)	0	0	-
Integrated National Electrification Grant	0		0	5 600 000	-	-	(1 883 419)	(3 672 621)	43 960	43 960	-
Regional Bulk Infrastructure Grant - Department of Water Affairs and Forestry	1 613 986	-	1 613 986	-	-	-	-	-	1 613 986	1 613 986	-
Extended Public Works Program	-	-	-	2 822 000	-	-	(2 822 000)	-	-	-	-
Water services Infrastructure Grant	179 413	(161 576)	17 836	40 000 000		(179 413)	-	(15 339 961)	24 498 463	24 498 463	-
Total National Government Grants	1 793 399	(161 576)	1 631 822	139 285 000	-	(179 413)	(75 357 029)	(39 223 971)	26 156 409	26 156 409	-
<u>Provincial Government Grants</u>											
CDW operational support grant	46 825	-	46 825	-	-	-	-	-	46 825	46 825	-
Library Services	0	-	0	5 658 000		-	(5 450 701)	(207 299)	0	0	-
Rosevalley Library Grant				2 000 000				(58 320)	1 941 680	1 941 680	-
Integrating Housing Settlement Grant	4 870 256	-	4 870 256	50 538 845	-	-	(45 526 941)	-	9 882 160	9 882 160	-
Emergency Housing Programm	1 406 000	-	1 406 000	-	-	-	(1 406 000)	-	-	-	-
Finance Management Support Grant	0	-	0	1 480 000	-	-	(1 480 000)	-	0	0	-
Maintenance Main Road Subsidy	-	-	-	106 510	-	-	(106 510)	-	-	-	-
WC Municipal Financial Management Capacity Building G	17 684	-	17 684	360 000	-	-	(280 000)	-	97 684	97 684	-
Municipal Service Delivery and Capacity Building grant	-	-	-	900 000	-	-	(400 000)	-	500 000	500 000	-
Local Government Graduate Internship Grant	120 904		120 904	72 000	-	(54 904)	(69 039)	-	68 961	68 961	-
Cango Caves Infrastructure Grant	1 440 150	-	1 440 150	-	-	-	-	(1 440 150)	(0)	-	(0)
Municipal Infrastructure-Electricity Master Plan	-	-	-	617 000	-	-	(617 000)	-	-	-	-
Total Provincial Government Grants	7 901 819	-	7 901 819	61 732 355	-	(54 904)	(55 336 191)	(1 705 769)	12 537 310	12 537 310	(0)
Total Other Grant Providers	-	-	-	-	-	-	-	-	-	-	-
Total Grants	9 695 218	(161 576)	9 533 642	201 017 355	-	(234 317)	(130 693 220)	(40 929 740)	38 693 720	38 693 720	(0)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received

MUN - Reconciliation of Table A1 Budget Summary

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	6	7	8	12
R thousands								
Financial Performance								
Property rates	87 723	541	88 264	88 173	91	99.9%	100.5%	81 990
Service charges	356 916	(18 577)	338 339	334 867	3 472	99.0%	93.8%	326 459
Investment revenue	4 482	1 400	5 882	8 537	(2 655)	145.1%	190.5%	5 586
Transfers recognised - operational	109 019	20 546	129 565	130 694	(1 129)	100.9%	119.9%	113 150
Other own revenue	52 422	(9 310)	43 111	70 323	(27 211)	163.1%	134.1%	58 328
Total Revenue (excluding capital transfers and contributions)	610 562	(5 401)	605 161	632 594	(27 433)	104.5%	103.6%	585 513
Employee costs	263 061	(9 530)	253 530	233 488	20 042	92.1%	88.8%	215 633
Remuneration of councillors	11 154	(42)	11 111	10 887	225	98.0%	97.6%	10 022
Depreciation & asset impairment	22 507	18 798	41 305	40 702	603	98.5%	180.8%	36 262
Finance charges	19 266	(8 970)	10 296	8 940	1 356	86.8%	46.4%	15 396
bulk purchases	192 742	(8 988)	183 754	153 186	30 568	83.4%	79.5%	147 637
Transfers and grants	2 250	2 181	4 431	3 788	643	85.5%	168.4%	2 947
Other expenditure	144 223	25 935	170 158	170 877	(719)	100.4%	118.5%	152 572
Total Expenditure	655 203	19 383	674 586	621 867	52 719	92.2%	94.9%	580 470
Surplus/(Deficit)	(44 641)	(24 784)	(69 425)	10 727	(80 152)	-15.5%	-24.0%	5 043
Transfers recognised - capital	50 441	24 327	74 768	40 930	33 838			53 899
Contributions recognised - capital & contributed assets	-	-	-	-	-			-
Surplus/(Deficit) after capital transfers & contributions	5 800	(457)	5 343	51 657	(46 314)			58 942
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	5 800	(457)	5 343	51 657	(46 314)			58 942
Capital expenditure & funds sources								
Capital expenditure								
Transfers recognised - capital	43 862	21 846	65 708	40 930	24 778	62.3%	93.3%	53 737
Public contributions & donations	-	-	-	-	-			-
Borrowing	-	-	-	-	-			-
Internally generated funds	14 870	5 603	20 473	13 105	7 368	64.0%	88.1%	4 315
Total sources of capital funds	58 732	27 449	86 181	54 035	32 147	62.7%	92.0%	58 052
Cash flows								
Net cash from (used) operating	56 147	40 230	96 377	119 238	(22 861)	123.7%	212.4%	132 364
Net cash from (used) investing	(52 858)	(32 428)	(85 286)	(51 616)	(33 670)	60.5%	97.6%	(56 426)
Net cash from (used) financing	(8 226)	(1 112)	(9 337)	(15 906)	6 569	170.4%	193.4%	(32 825)
Cash/cash equivalents at the year end	35 281	37 480	72 761	51 716	21 045	71.1%	146.6%	71 007

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2018/19						2017/18
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	7	8	12
Revenue - Standard							
Governance and administration	158 451	3 308	161 759	186 073	115.0%	117.4%	193 051
Executive and council	67 626	1 411	69 038	94 169	136.4%	139.2%	105 671
Finance and administration	90 824	1 896	92 721	91 904	99.1%	101.2%	87 380
Internal audit	–	–	–	–			–
Community and public safety	37 152	21 239	58 391	69 025	118.2%	185.8%	59 325
Community and social services	7 658	–	7 658	5 716	74.6%	74.6%	5 438
Sport and recreation	2 095	(221)	1 874	1 753	93.5%	83.7%	2 496
Public safety	–	–	–	14 622	#DIV/0!	#DIV/0!	195
Housing	27 399	21 460	48 859	46 934	96.1%	171.3%	51 196
Health	–	–	–	–			–
Economic and environmental services	41 709	(6 296)	35 413	24 711	69.8%	59.2%	31 678
Planning and development	56	–	56	–	0.0%	0.0%	–
Road transport	41 653	(6 296)	35 357	24 711	69.9%	59.3%	31 678
Environmental protection	–	–	–	–			–
Trading services	422 472	1 894	424 366	394 578	93.0%	93.4%	347 612
Energy Sources	248 051	(9 461)	238 590	237 576	99.6%	95.8%	221 912
Water Management	106 971	11 355	118 325	88 903	75.1%	83.1%	76 485
Waste water management	41 542	–	41 542	41 752	100.5%	100.5%	31 825
Waste management	25 909	–	25 909	26 347	101.7%	101.7%	17 390
Other	–	–	–	–			–
Total Revenue - Standard	659 784	20 145	679 929	674 387	99.2%	102.2%	631 666
Expenditure - Standard							
Governance and administration	167 156	(8 857)	158 299	146 615	92.6%	87.7%	138 286
Executive and council	89 267	(7 567)	81 699	76 320	93.4%	85.5%	72 875
Finance and administration	75 220	(1 182)	74 038	68 473	92.5%	91.0%	63 738
Internal audit	2 670	(108)	2 562	1 821	71.1%	68.2%	1 673
Community and public safety	109 930	18 199	128 128	140 942	110.0%	128.2%	96 830
Community and social services	21 136	355	21 491	18 724	87.1%	88.6%	12 179
Sport and recreation	39 003	1 554	40 557	35 093	86.5%	90.0%	34 732
Public safety	10 549	751	11 301	32 355	286.3%	306.7%	8 390
Housing	39 241	15 538	54 779	54 770	100.0%	139.6%	41 529
Health	–	–	–	–			–
Economic and environmental services	94 285	(1 191)	93 094	59 223	63.6%	62.8%	71 704
Planning and development	23 131	(1 276)	21 855	19 833	90.7%	85.7%	16 521
Road transport	71 154	85	71 239	39 389	55.3%	55.4%	55 183
Environmental protection	–	–	–	–			–
Trading services	283 832	11 233	295 065	275 951	93.5%	97.2%	265 904
Energy Sources	194 131	(3 900)	190 232	180 657	95.0%	93.1%	173 385
Water Management	37 915	11 101	49 016	45 780	93.4%	120.7%	42 127
Waste water management	24 327	925	25 252	23 793	94.2%	97.8%	20 666
Waste management	27 459	3 107	30 566	25 720	84.1%	93.7%	29 726
Other	–	–	–	–			–
Total Expenditure - Standard	655 203	19 383	674 586	622 730	92.3%	95.0%	572 724
Surplus/(Deficit) for the year	4 581	762	5 343	51 657	966.9%	1127.6%	58 942

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	6	7	8	12
Revenue by Vote								
Executive & Council	46 599	1 171	47 770	75 980	159%	159.1%	163.1%	87 803
Municipal Manager	19 622	240	19 862	18 190	92%	91.6%	92.7%	17 869
Corporate Services	757	656	1 413	629	45%	44.6%	83.1%	1 079
Financial Services	90 123	1 241	91 364	91 275	100%	99.9%	101.3%	86 301
Community and Public Safety	52 995	(6 917)	46 079	48 438	105%	105.1%	91.4%	34 801
Technical Services	420 883	2 294	423 177	392 941	93%	92.9%	93.4%	352 616
Human Settlement	28 805	21 460	50 265	46 934	93%	93.4%	162.9%	51 196
Strategic Services				—				
Total Revenue by Vote	659 784	20 145	679 929	674 387	99%	99.2%	102.2%	631 666
Expenditure by Vote								
Executive & Council	65 463	(4 803)	60 661	60 491	100%	99.7%	92.4%	58 428
Municipal Manager	26 482	(2 134)	24 347	18 279	75%	75.1%	69.0%	16 127
Corporate Services	25 853	1 234	27 087	23 201	86%	85.7%	89.7%	23 985
Financial Services	44 857	(2 966)	41 890	41 551	99%	99.2%	92.6%	36 351
Community and Public Safety	131 959	5 717	137 676	108 855	79%	79.1%	82.5%	102 846
Technical Services	298 273	8 123	306 396	295 751	97%	96.5%	99.2%	276 937
Human Settlement	39 241	15 538	54 779	54 770	100%	100.0%	139.6%	41 529
Strategic Services	23 075	(1 326)	21 749	19 833	91%	91.2%	86.0%	16 521
Total Expenditure by Vote	655 203	19 383	674 586	622 730	92%	92.3%	95.0%	572 724
Surplus/(Deficit) for the year	4 581	762	5 343	51 657	967%	966.9%	1127.6%	58 942

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
	1	2	3	4	6	7	8	12
Revenue By Source								
Property rates	87 723	541	88 264	88 173	91	0.0%	0.0%	81 990
Service charges - electricity revenue	236 916	(12 762)	224 154		224 154	0.0%	0.0%	214 893
Service charges - water revenue	70 099	(5 815)	64 283		64 283	0.0%	0.0%	63 730
Service charges - sanitation revenue	32 685	–	32 685		32 685	0.0%	0.0%	31 126
Service charges - refuse revenue	17 216	–	17 216		17 216	0.0%	0.0%	16 710
Service charges - other	–	–	–		–	0.0%	0.0%	–
Rental of facilities and equipment	2 790	(34)	2 757	3 418	(662)	0.0%	0.0%	3 453
Interest earned - external investments	4 482	1 400	5 882	8 537	(2 655)	0.0%	0.0%	5 586
Interest earned - outstanding debtors	6 682	(229)	6 453	6 805	(353)	0.0%	0.0%	6 949
Dividends received	–	–	–		–	0.0%	0.0%	–
Fines, penalties and forfeits	13 836	(6 906)	6 930	8 953	(2 023)	0.0%	0.0%	4 874
Licences and permits	–	330	330	–	330	0.0%	0.0%	–
Agency services	3 104	650	3 754	5 666	(1 912)	0.0%	0.0%	4 570
Transfers recognised - operational	109 019	20 546	129 565	130 694	(1 129)	0.0%	0.0%	113 150
Other revenue	26 010	(3 122)	22 888	382 073	(359 184)	0.0%	0.0%	30 301
Gains on disposal of PPE	–	–	–	(863)	863	0.0%	0.0%	(162)
Total Revenue (excluding capital transfers and contributions)	610 562	(5 401)	605 161	633 457	(28 296)	0.0%	0.0%	577 171
Expenditure By Type								
Employee related costs	263 061	(9 530)	253 530	233 488	20 042	92.1%	88.8%	215 633
Remuneration of councillors	11 154	(42)	11 111	10 887	225	98.0%	97.6%	10 022
Debt impairment	9 962	1 500	11 462	34 636	(23 175)	302.2%	347.7%	(8 086)
Depreciation & asset impairment	22 507	18 798	41 305	40 702	603	98.5%	180.8%	36 262
Finance charges	19 266	(8 970)	10 296	8 940	1 356	86.8%	46.4%	15 396
Bulk purchases	166 372	(9 490)	156 882	153 186	3 696	97.6%	92.1%	147 637
Other materials	26 370	502	26 872	19 288	7 584	71.8%	73.1%	12 703
Contracted services	22 309	12 091	34 400	23 161	11 240	67.3%	103.8%	21 459
Transfers and grants	2 250	2 181	4 431	3 788	643	85.5%	168.4%	2 947
Other expenditure	111 952	12 344	124 296	94 655	29 642	76.2%	84.5%	118 154
Loss on disposal of PPE	–	–	–					–
Total Expenditure	655 203	19 383	674 586	622 730	51 856	92.3%	95.0%	572 127
Surplus/(Deficit)	(44 641)	(24 784)	(69 425)	10 727	(80 152)	0.0%	0.0%	5 043
Transfers recognised - capital	50 441	24 327	74 768	40 930	33 838	0.0%	0.0%	53 899
Contributions recognised - capital	–	–	–	–	–	0.0%	0.0%	–
Contributed assets	–	–	–	–	–	0.0%	0.0%	–
Surplus/(Deficit) after capital transfers & contributions	5 800	(457)	5 343	51 657	(46 314)	0.0%	0.0%	58 942
Taxation	–	–	–	–	–	0.0%	0.0%	–
Surplus/(Deficit) after taxation	5 800	(457)	5 343	51 657	(46 314)	0.0%	0.0%	58 942
Attributable to minorities	–	–	–	–	–	0.0%	0.0%	–
Surplus/(Deficit) attributable to municipality	5 800	(457)	5 343	51 657	(46 314)	0.0%	0.0%	58 942
Share of surplus/ (deficit) of associate	–	–	–	–	–	0.0%	0.0%	–
Surplus/(Deficit) for the year	5 800	(457)	5 343	51 657	(46 314)	0.0%	0.0%	58 942

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2018/19							2017/18
	Original Budget	Total Budget Adjustments (i.i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	6	7	8	12
Capital expenditure - Vote								
Multi-year expenditure								
Executive & Council	–	–	–	–	–	0%	0%	–
Municipal Manager	–	–	–	–	–	0%	0%	–
Corporate Services	–	–	–	–	–	0%	0%	–
Financial Services	–	–	–	–	–	0%	0%	–
Community and Public Safety	5 032	183	5 215	5 030	(185)	96%	100%	731
Technical Services	22 019	(542)	21 476	20 917	(560)	97%	95%	32 444
Human Settlement	–	5 000	5 000	–	(5 000)	0%	0%	–
Strategic Services	–	–	–	–	–	0%	0%	–
Capital multi-year expenditure	27 051	4 641	31 692	25 947	(5 745)	82%	96%	33 176
Single-year expenditure								
Executive & Council	–	–	–	–	–	0%	0%	–
Municipal Manager	2 945	702	3 647	2 623	(1 024)	72%	89%	1 335
Corporate Services	–	–	–	–	–	0%	0%	107
Financial Services	2 426	540	2 966	2 836	(130)	96%	117%	2 942
Community and Public Safety	10 165	(5 688)	4 477	1 115	(3 362)	25%	11%	2 042
Technical Services	16 144	27 255	43 399	18 888	(24 510)	44%	117%	17 510
Human Settlement	–	–	–	–	–	0%	0%	9
Strategic Services	–	–	–	206	206	0%	0%	–
Capital single-year expenditure	31 680	22 809	54 489	25 669	(28 820)	47%	81%	23 946
Total Capital Expenditure - Vote	58 732	27 449	86 181	51 616	(34 565)	60%	88%	57 121
Capital Expenditure - Standard								
Governance and administration	5 141	1 242	6 383	8 525	2 141	134%	166%	5 347
Executive and council	2 715	702	3 417	5 688	2 271	166%	210%	2 247
Finance and administration	2 426	540	2 966	2 836	(130)	96%	117%	3 099
Internal audit	–	–	–	–	–	0%	0%	–
Community and public safety	11 721	(12)	11 708	2 905	(8 803)	25%	25%	18 292
Community and social services	3 376	540	3 916	259	(3 657)	7%	8%	395
Sport and recreation	7 195	(5 552)	1 643	1 638	(5)	100%	23%	473
Public safety	1 149	–	1 149	1 009	(140)	88%	88%	1 303
Housing	–	5 000	5 000	–	(5 000)	0%	0%	16 120
Health	–	–	–	–	–	0%	0%	–
Economic and environmental services	2 712	1 985	4 697	5 067	370	108%	187%	11 124
Planning and development	230	–	230	206	(24)	90%	90%	–
Road transport	2 482	1 985	4 467	4 860	393	109%	196%	11 124
Environmental protection	–	–	–	–	–	0%	0%	–
Trading services	39 158	24 234	63 392	38 205	(25 188)	60%	98%	23 599
Energy Sources	4 639	1 809	6 448	5 647	(801)	88%	122%	11 477
Water Management	29 739	14 806	44 545	20 938	(23 607)	47%	70%	11 154
Waste water management	1 304	8 112	9 416	8 360	(1 056)	89%	641%	236
Waste management	3 477	(493)	2 984	3 260	276	109%	94%	731
Other	–	–	–	–	–	0%	0%	–
Total Capital Expenditure - Standard	58 732	27 449	86 181	54 701	(31 480)	63%	93%	58 361
Funded by:								
National Government	41 936	13 815	55 750	33 918	(21 832)	61%	81%	32 759
Provincial Government	1 926	8 031	9 958	1 874	(8 083)	19%	97%	20 978
District Municipality	–	–	–	–	–	0%	0%	–
Other transfers and grants	–	–	–	–	–	0%	0%	–
Transfers recognised - capital	43 862	21 846	65 708	35 792	(29 915)	54%	82%	53 737
Public contributions & donations	–	–	–	20	20	0%	0%	–
Borrowing	–	–	–	–	–	0%	0%	–
Internally generated funds	14 870	5 603	20 473	18 889	(1 584)	92%	127%	4 624
Total Capital Funding	58 732	27 449	86 181	54 701	(31 480)	63%	93%	58 361

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and Other	471 900	(27 402)	444 498	437 580	(6 918)	98.4%	92.7%	426 255
Government Grants and Subsidies	159 460	44 873	204 333	200 783	(3 550)	98.3%	125.9%	167 049
Interest	10 964	1 178	12 141	15 343	3 201	126.4%	139.9%	12 535
Payments								
Suppliers and employees	(564 661)	14 793	(549 867)	(521 739)	28 128	94.9%	92.4%	(462 233)
Finance charges	(19 266)	8 970	(10 296)	(8 940)	1 356	86.8%	46.4%	(8 181)
Transfers and Grants	(2 250)	(2 181)	(4 431)	(3 788)	643	85.5%	168.4%	(2 947)
NET CASH FROM/(USED) OPERATING ACTIVITIES	56 147	40 231	96 378	119 238	-	123.7%	0.0%	132 479
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	100.0%	100.0%	435
Payments								
Capital assets	(52 858)	(32 428)	(85 286)	(51 616)	33 670	60.5%	0.0%	(56 975)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(52 858)	(32 428)	(85 286)	(51 616)	-	60.5%	0.0%	(56 540)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	704	(41)	663	760	97	114.7%	108.0%	-
Payments								
Repayment of borrowing	(8 929)	(1 071)	(10 000)	-	10 000	0.0%	0.0%	(32 825)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(8 226)	(1 112)	(9 337)	760	-	-8.1%	-9.2%	(32 825)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 937)	6 691	1 754	51 716				43 113
Cash/cash equivalents at the year begin:	40 218	30 789	71 007	71 007				27 894
Cash/cash equivalents at the year end:	35 281	37 480	72 761	122 723	49 962	168.7%	347.8%	71 007